INTRODUCTION

OUR BUSINESSES

AEROSPACE

Offer environmentally-responsible, connected and safer flights, and design satellites to communicate and observe the planet.

AERONAUTICS

- Avionics
- Electrical systems
- Passenger experience
- Training and simulation

SPACE

- Telecommunications
- Earth observation
- Orbital infrastructures and transport systems
- Satellite navigation solutions
- Exploration

GROWTH DRIVERS

- Progressive upturn in air traffic following the Covid-19 epidemic.
- Despite great uncertainty about the path the upturn will take, long-term growth of global air traffic is not in doubt.
- Strong demand for connectivity and increased operational and environmental efficiency.
- Unique positioning of space systems to meet new communications and observation needs.
- The domain of military space systems has become a priority for many countries.

NO.3 WORLDWIDE
Commercial flight avionics

NO.2 WORLDWIDE
Civil satellites

28%
of Group revenue*

€4,463m
+6.1% vs. 2020

EBIT margin: 4.5%

DEFENCE & SECURITY

Help states, armed forces and organisations protect themselves and ensure the security of citizens and infrastructures.

- Radar, sonar and optronic systems
- Secure communication networks, at the heart of collaborative combat solutions
- Network and infrastructure systems
- Cyberdefence solutions and critical information systems
- Air traffic management

GROWTH DRIVERS

- A new geopolitical context is driving armed forces to reconsider their medium and long-term needs.
- Rapid digitisation of the armed forces.
- Growing demand for cybersecurity solutions.
- Smart systems take a proeminent role in platforms.

NO.2 WORLDWIDE
Military communications

NO.1 IN EUROPE
Defence electronics

54%
of Group revenue*

€8,633m
+5.7% vs. 2020

EBIT margin: 12.9%

DIGITAL IDENTITY AND SECURITY

Build trust in a connected world.

- Banking and payment services
- Cloud protection and software licenses management
- Identity and biometric solutions
- User and device authentication solutions on mobile networks
- IoT and data analytics solutions

GROWTH DRIVERS

- Strong market growth (data protection, connected objects, biometrics, etc.).
- Over a trillion connected devices expected by 2035.
- Shift to the cloud: increased authentication and data protection needs.
- An offer that complements other Group businesses.
- Acceleration of digital growth driven by the pandemic and increasing need for connectivity and contactless applications.

NO.1 WORLDWIDE
Data protection

NO.1 WORLDWIDE
Payment and SIM cards

19%
of Group revenue*

€2,995m
+2% vs. 2020

EBIT margin: 11.9%

GROUND TRANSPORTATION

Business unit in divestment

Oversee and monitor transportation networks efficiently.

- Rail signalling and supervision
- Communication systems
- Ticketing
- Cybersecurity

GROWTH DRIVERS

- 60% of the world's population will live in cities and urban centres by 2030 (Source: UN-Habitat).
- Strong trend towards increased automation of transport solutions, including the move towards fully autonomous vehicles.
- National post-pandemic recovery plans that are increasingly geared towards green mobility.

NO.2 WORLDWIDE
Rail signalling and supervision

€1,665m
+2.4% vs. 2020*

EBIT margin: 7.5%

* Following the August 4, 2021 announcement that Thales was entering into exclusive negotiations with Hitachi Rail to sell its Ground Transportation System Business Unit, the transport segment has been classified under "discontinued operations" as per the IFRS 5 and is not taken into account in this figure.

INTRODUCTION

OUR BUSINESS MODEL

MEGA TRENDS

EXPONENTIAL GROWTH OF DATA PRODUCED

GROWTH AND URBANISATION OF THE WORLD POPULATION

ENERGY TRANSITION AND CLIMATE EMERGENCY

MOBILE CONNECTIVITY AND MULTIPLICATION OF CYBERTHREATS

INCREASE IN THE IMPACT OF ARTIFICIAL INTELLIGENCE

GLOBAL COMPETITION FOR TALENT

OUR RESOURCES

INTELLECTUAL CAPITAL

€1,027m in self-funded R&D.
A portfolio of **more than 22,000 patents**.
The Group's technical activities, from research to engineering, involve **more than 30,000 people**.

HUMAN CAPITAL

80,995 employees.
More than **31,000** employee and ex-employees are shareholders.
€7,747m in payroll.
An average of **12 hours** of training per employee per year.
94% full-time contracts.
98% permanent contracts.

ENVIRONMENTAL CAPITAL

Deployment of the **strategy for a low-carbon future** aligned with the 1.5°C climate target of the Paris Agreement for operational greenhouse gas emissions.
Signatory of the principles and recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD).
Undergoing assessment for SBTi certification.

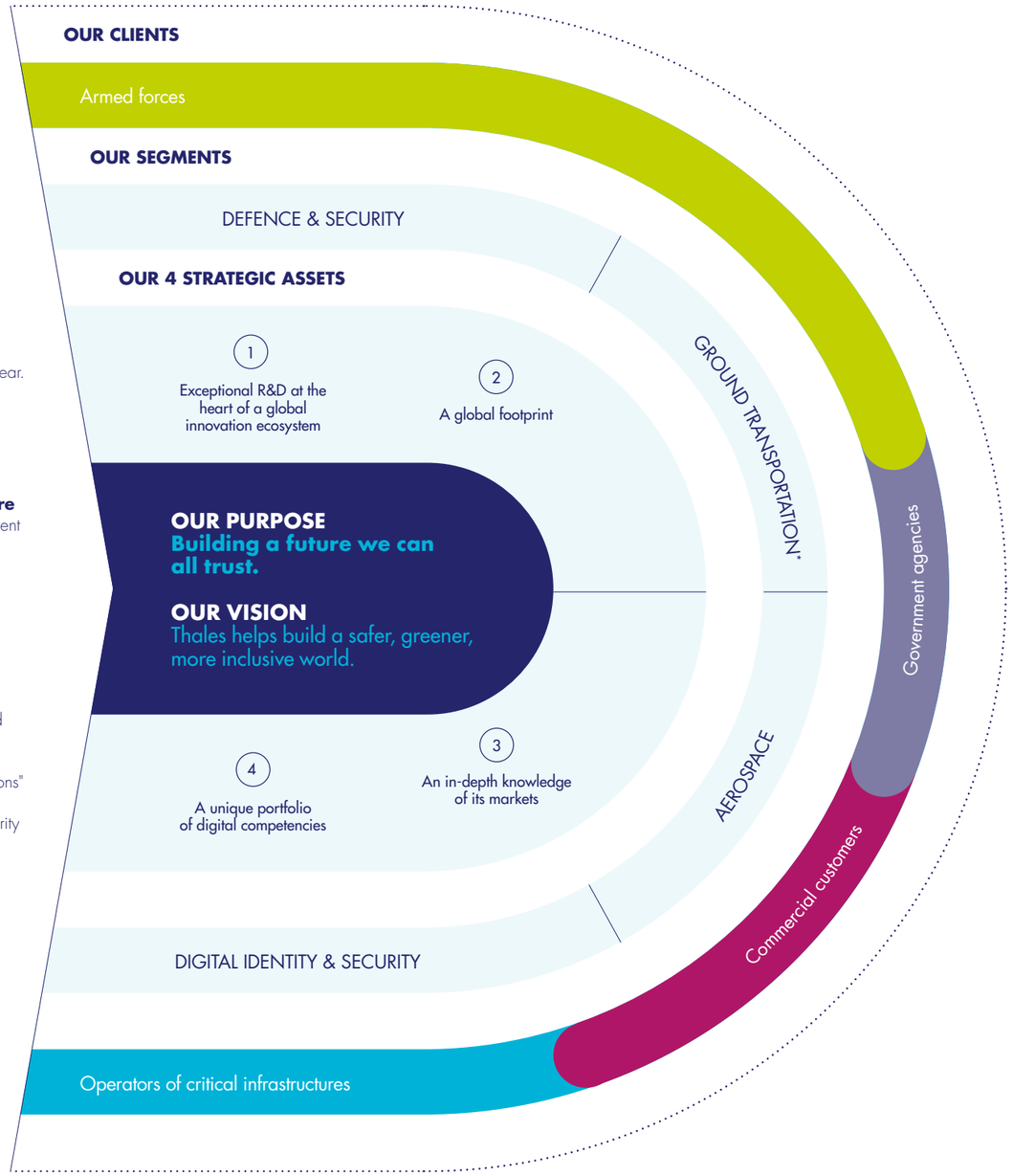
SOCIETAL CAPITAL

A strong ethics policy: **ISO 37001** certification obtained in 2021 (anti-bribery management system).
Purchases accounting for **46%** of revenue.
Renewal of the "Responsible Supplier and Purchase Relations" label in 2021.
14 sponsorship actions funded by the Thales Solidarity programme accross **8 countries**.

FINANCIAL CAPITAL

Low level of debt: **€795m** at 31 December 2021.
Long-term generation of free operating cash-flow.
Solid investment grade credit profile, S&P rating: BBB; Moody's rating: A2.

* Following the August 4, 2021 announcement that Thales was entering into exclusive negotiations with Hitachi Rail to sell its Ground Transportation System Business Unit, the transport segment has been classified under "discontinued operations" as per the IFRS 5 and is not taken into account in this figure.



VALUE CREATED

INTELLECTUAL VALUE

Almost **400 new patent** applications in 2021, of which 25% in key digital technologies.
6.3%* of revenue invested in self-funded R&D.
Thales ranked **no.1** in Europe for physics research, by the scientific journal Nature.

HUMAN VALUE

10,338 new recruits, of which **33%** were women.
3% absenteeism rate worldwide.
50% women on the Board of Directors.
Ranked **3rd preferred company** by engineers (Universum France 2021).

ENVIRONMENTAL VALUE

Decrease of **36%** in operational CO_2 emissions, compared to 2018 (scopes 1 & 2 and scope 3 business travel).
32% of electricity from renewable sources, an increase of 5 points compared to 2020.
84% of new product developments incorporate partial or full ecodesign approach (target of 100% by 2023).
70% of non-hazardous waste recycled, an increase of 15 points compared to 2018.

SOCIETAL VALUE

73% of purchases made from European suppliers, of which **37%** from suppliers in France.
€244m* income tax (average tax rate: 17.3%).
Nearly €30m invested in solidarity funds by more than 20,000 employees through Thales savings schemes (no.2 in France).
100% of employees exposed to the risk of corruption have been trained against corruption.
More than €1.7m raised through the MicroDON initiative initiative over the last 5 years.

FINANCIAL VALUE

21* large orders with a unit value over €100m.
Strong increase of global revenue.
Over €2.5bn of free operating cash-flow in 2021.
A double-digit EBIT margin.

SHARED VALUE CREATION WITH OUR STAKEHOLDERS

Thales's profitable growth model is based on shared values. The Group's economic success generates profits for the company as a whole, which is essential to pursuing a resilient strategy. Value sharing is embodied not only financially but more widely, in the Group's contribution to the UN's Sustainable Development Goals. —

HIGHLIGHTS FROM 2021

REVENUE IN 2021
€16,192m*

- Thales's 2021 annual results indicate a sharp rebound, continuing to demonstrate the resilience of our business model and the relevance of the strategic choices – both technological and industrial – that were made.

EMPLOYEES
COMPENSATION PAID IN 2021
€7,747m

- In November 2021, the Group launched its 11th employee shareholding plan. As many as 600,000 shares were offered to employees in 36 countries, with a 20% discount on the purchase price and a matching offer of one free share for every four shares purchased (up to a maximum of 10 free shares). It was once again a great success with more than 21,300 employees choosing to take advantage of the offer.

SUPPLIERS
PURCHASES IN 2021
€8,171m

- With more than 17,000 suppliers across the globe, Thales contributes to the economic growth of every country in which it operates, with a large proportion of small, medium, and medium-large businesses. In 2021, Thales bought more than €2 billion of products and services from 4,000 small, medium, and medium-large businesses in France.

GOVERNMENTS
INCOME TAX 2021
€244m*

- As an international group, Thales pays its fair share of taxes and duties in many countries. The Group rigorously applies tax rules and ensures that it complies with local regulations, international treaties, and the directives of international organisations. The effective income tax rate is 17.3%. The rate incorporates changes in tax rules in Italy and the UK that resulted in significant tax rebates. Adjusted for these extraordinary gains, the effective tax would have been 20.6%.

SHAREHOLDERS
DIVIDENDS PAID IN 2021
€417m

- On March 2, 2022, Thales's Board of Directors decided to propose to shareholders, who will convene at the Annual General Meeting on May 11, 2022, a dividend of €2.56 per share for the fiscal year 2021.

SELF-FUNDED R&D
IN 2021
€1,027m*

- The Group's technical activities, from research to engineering, involve more than 30,000 people. Within the limited scope of R&D, an important element in competitiveness, Thales spent €1,027m on self-financed R&D in 2021, or 6.3% of its sales revenues.

* Following the August 4, 2021 announcement that Thales was entering into exclusive negotiations with Hitachi Rail to sell its Ground Transportation System Business Unit, the transport segment has been classified under "discontinued operations" as per the IFRS 5 and is not taken into account in this figure.

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

4 PRIORITY SUSTAINABLE DEVELOPMENT GOALS

SDG	BUSINESS PRIORITIES	DEVELOPMENTS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Increase our R&D investments and our private and public partnerships. • Contribute to sustainable and responsible industry. • Develop the know-how and innovation capabilities of our partners and members of the civil society.	• More than 40% of the Group's employees work in R&D -related roles. • In 2021, Thales spent €1,027 million on self-funded R&D. • 87% of employees work at an ISO 14001 (environmental management) certified site and 82% work at an ISO 45001 (workplace health and safety management) certified site.
13 CLIMATE ACTION	• Reduce our environmental footprint and that of our clients. • Accelerate our actions and set more ambitious objectives for the climate. • Participate in the effort to limit global warming to 1.5°C in line with the objective set by the Paris Agreement. • Analyse to better anticipate the impact of global warming on our markets.	• Earth observation satellites, conceived by Thales Alenia Space, provide scientists and decision-makers with essential data for monitoring the environment. • In 2021, the Group reinforced its engagement concerning its operational CO_2 emissions. The Group is aiming for a reduction of 50% by 2030, and to reach net zero by 2040. • In 2021, Thales was ranked A-, "Leadership" level, by the CDP (formerly known as Carbon Disclosure Project).
5 GENDER EQUALITY	• Promote diversity and inclusion across the Group. • Develop best practices in terms of female recruitment and careers. • Fight against gender bias, gender stereotypes and sexism.	• In 2021, women accounted for 33% of recruitment worldwide and 27% of the global headcount. • 50% of the members of the Board of Directors and 20% of members of the Executive committee are women, which places Thales among the leaders of its industry when it comes to women's representation in senior positions. • In 2021, Thales extended its gender equality index to a worldwide level, to assess the situation of women when compared to men, in the Group's companies with at least 250 employees. • In 2021, women represented 18.9% of positions of responsibility (target of 20% for 2023).
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Fight corruption, placing human rights at the centre of our value chain. • Support the creation of resilient and transparent institutions. • Ensure that everyone has a legal identity, a key element that allows the full exercise of one's citizenship.	• Thales's defence and security activities contribute to the development of institutions. Peace is an indispensable prerequisite to achieve any sustainable development goal. • Through over 200 identity programs worldwide, Thales helps governments provide their citizens with secure and easy-to-deploy identity proofs, a key element that enables everyone to exercise their civic rights.

1. A CORPORATE RESPONSIBILITY POLICY TO SUPPORT SUSTAINABLE ECONOMIC GROWTH

For more than twenty years, Thales has been proactively implementing a strong corporate responsibility policy based on the highest international standards.
This is now illustrated by the company's Purpose, newly adopted in 2020: "Building a future we can all trust".

THE IMPLEMENTATION OF A LONG-TERM CORPORATE RESPONSIBILITY POLICY, a key to Thales's economic performance, is one of the fundamental expectations of its customers and employees. Through this approach, the Group is also addressing the demands of its investors and the financial markets for a company that is increasingly efficient, innovative, and mindful of its responsibilities, while at the same time aligning with current societal trends toward building a more transparent and trustworthy relationship between companies and all their stakeholders.

"THALES IS CELEBRATING 10 YEARS OF COMMITMENT TO THE HIGHEST STANDARDS"

In 2021, Thales reconfirmed its commitment to the United Nations Global Compact, to which it has been a signatory since 2003. The Group therefore implements the ten principles relating to human rights, labor law, environmental protection, and anti-corruption that make up the policy through agreements and procedures.
This initiative has allowed Thales, since 2012, to achieve Global Compact Advanced level, the highest status of distinction of the United Nations Global Compact, which aims to create a high standard of CSR performance and encourage transparency.
This year, Thales is celebrating 10 years of commitment to the highest standards of this globally recognized initiative.

In 2021, Thales organized an investor event entirely dedicated to ESG issues. During the meeting, Patrice Caine, surrounded by a large number of Executive Committee members, highlighted the acceleration of Thales's CSR initiatives and emphasized the growth opportunities offered by sustainable development. In particular, Thales has made new commitments to accelerate its response to the challenges posed by climate change. This event enabled the financial community to better appreciate the Group's ambition to contribute to a safer, more environmentally friendly and more inclusive future and to see the acceleration of Thales's CSR roadmap.

THALES' MAIN CSR COMMITMENTS

STRATEGY FOR A LOW-CARBON FUTURE

Reduction of operational CO_2 emissions[a]

2023 **-35%** 2030 **-50%** 2040 **Net zero**

Stimulate product innovation and eco-design across the portfolio

Establish a robust action plan with suppliers

Submit the carbon plan for SBTi certification

DIVERSITY AND INCLUSION

2023 **75%** **Management committees** with at least 3 women

2023 **20%** Of women in **management positions**[b]

ETHICS AND COMPLIANCE

2021 ANTI-CORRUPTION **100%** Exposed persons trained every 2 years

Certification ISO 37001

New digital ethics charter

WORKPLACE HEALTH AND SAFETY

2023 **-30%** Frequency rate of **accidents with lost time**[c]

(a) Scope 1 + Scope 2 + Scope 3 buisness travel. (b) Top 13% of employees. percentage of female employees : 27%. (c) Compared to 2018 rate.

In 2021, these objectives now account for 10% of the variable compensation of all eligible employees (60% of the workforce).
These commitments in terms of social, environmental, and governance policies have been evaluated and valued by the main non-financial rating agencies. In 2021, the non-financial rating agencies MSCI, Vigeo-Eiris, and EthiFinance (GaÕa rating) gave Thales an A rating and an index of 57/100 and 83/100 respectively for its corporate responsibility policy. These assessments place the Group among the best-performing players in terms of CSR in its industry.
In addition, Thales, which has been responding to the CDP (Carbon Disclosure Project) "Climate Change" questionnaire since 2010, has received a grade of A- in 2021. This "leadership" level recognizes companies that have adopted best practices in the fight against climate change. This rating reflects the Group's commitment and efforts in implementing its Low-Carbon Strategy with ambitious targets for scopes 1, 2, and 3 and strong governance. Thales also participates in the Ambition4climate initiative led by Afep (Association Française des Entreprises Privées) as well as in the work conducted by this professional organization and the Shift Project on the analysis of "climate" risk and the way to take it into account in the evaluation of companies and in corporate strategy.
This year, the relevance of these CSR commitments has also been recognized by our banking partners, since the bank credit line in place since 2020, whose conditions included climate objectives, was amended in 2021 (extension of its duration and improvement of its financial conditions) to take into account the reinforcement of the Group's Low-Carbon Strategy (see 5.5.2.2.1 URD 2021).
Finally, in March 2021, Thales obtained ISO 37001:2016 "Anti-corruption management systems" certification, issued by AFNOR for a scope including Thales SA and the companies it controls in France, as well as certain international subsidiaries of Thales International SAS[1].
In 2022, the Group plans to continue this process with a view to extending the scope of this certification to two major countries in its international organization (the United Kingdom and the Netherlands).

10%
objectives of the variable compensation of all eligible employees (60% of the workforce).

"THE GROUP IS DEVELOPING ITS INTERNAL CSR GOVERNANCE TO ENSURE THAT THESE ISSUES ARE ADDRESSED AT THE HIGHEST LEVEL"

STRENGTHENED CSR GOVERNANCE AND ORGANIZATION

In order to better meet its future CSR challenges, at the end of 2021, the Group decided to set up an integrated CSR department, under the responsibility of a Chief Sustainability Officer directly reporting to the Group Secretary & General Counsel.
This new department covers all CSR areas and is organized into three areas: two areas of expertise for Environment (including climate) and Health/Safety, on the one hand, and social and societal issues (including Diversity and Inclusion and Thales Solidarity), on the other; the third area is responsible for dealing with all cross-functional issues: indicators, reporting, benchmarking, communication with stakeholders, regulatory and societal watch, etc.
In addition, the Group is developing its internal CSR governance to ensure that these issues are addressed at the highest level:

a. A Strategic CSR Committee has been created at the Executive Committee level, in which the Chairman & Chief Executive Officer, the Group Secretary & General Counsel, and several members of the Executive Committee will participate;
b. A network of CSR correspondents has been created within the Group: in each of the Global Business Units and Major Countries, this role is assigned to the Strategy and Marketing Directors; CSR correspondents will also be designated by the heads of the major cross-functional areas within their Management Committee.

It is important to note that despite the Covid-19 pandemic, Thales reaffirmed all its priorities and confirmed and even increased its CSR objectives.

All of Thales's main commitments in terms of corporate responsibility are presented in the Group's integrated report. This report, published yearly since 2016, aims to provide all stakeholders - employees, customers, suppliers, business partners, local communities, public authorities, NGOs, etc. - with details about how the organization interacts with its ecosystem and uses capital to create value in the short, medium, and long term. In this document, Thales sets out its ever-growing commitment to the Sustainable Development Goals defined by the United Nations in 2015.

(1) The three regional companies concerned are Thales EURAM, Thales AMEWA, and Thales NSEA in their respective areas of Europe and Latin America, the Middle East and Africa, and Asia.

2. RISKS TAKEN INTO ACCOUNT FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

In 2018, to identify the main CSR risks to disclose in the Non-Financial Performance Statement, the Group conducted a risk identification and mapping exercise with the participation of the main corporate support functions and the assistance of an external consulting firm.

In 2021, this working group met again to assess the impact of the Covid-19 pandemic on the six risks selected for the Non-Financial Performance Statement. The Group considers that this crisis has not substantially changed the type of CSR risks to which it is exposed.

The six risks selected on that basis relate to:

- **DIVERSITY AND INCLUSION;**
- **WORKPLACE HEALTH AND SAFETY;**
- **ENVIRONMENTAL IMPACTS RELATED TO THE GROUP'S BUSINESS ACTIVITIES;**
- **IMPACTS OF REGULATORY CHANGES (3);**
- **COMPLIANCE WITH RULES OF ETHICAL BUSINESS CONDUCT (ESPECIALLY THE FIGHT AGAINST CORRUPTION AND INFLUENCE PEDDLING) (3);**
- **VIGILANCE REGARDING SUPPLIERS' COMPLIANCE WITH CORPORATE RESPONSIBILITY ISSUES.**

Risk identification		Risk monitoring and management
1. Diversity and inclusion	In a more globalized cultural and technological environment, increasing team diversity and developing a more inclusive corporate culture are key ways to support innovation and creativity thanks to a broader range of approaches, perspectives, and ideas. A lack of diversity in its teams could affect the Group's ability to properly account for major technological changes and respond to changes in customer expectations, and thus have a negative effect on its competitiveness and profitability.	Since 2016, proactive targets have been introduced Group-wide to strengthen diversity and inclusion in the broad sense of the term. These targets are covered in a monthly scorecard (see Chapter 5.4.2 URD 2021). In an effort to promote team diversity and employee inclusion while ensuring differences are respected, the Group has adopted a dedicated governance system structured around a Steering Committee, a Diversity and Inclusion Council, and a central Diversity and Inclusion department. In terms of gender diversity and professional equality, the Group has been rolling out negotiated action plans in France since 2004 under agreements signed with trade unions. Since 2009, Thales has been a signatory of a European agreement called IDEA, which includes gender equality commitments. The Group's initiatives in this area are described in Chapter 5.4.2. URD 2021

(a) Representatives from the Finance, Health, Safety & Environment, Human Resources, Purchasing, Audit, Risks & Internal Control, Strategy & Marketing, Ethics & Corporate Responsibility, and Communications Departments, plus the Corporate Secretary and corporate management.
(b) These three risks are included in Chapter 3, Risk factors..

Risk identification		Risk monitoring and management
2. Workplace health and safety	Certain activities for which Thales is responsible, conducted on its sites or on external sites, may expose its employees, subcontractors or other parties (industrial partners, customers, visitors) to various physical risks, for example electrical, chemical, or radiation. The risks are greater for activities that are unusual in terms of their frequency (exceptional activity, specific maintenance) or of working conditions (night work, large number of people working on a site at the same time, cramped premises, land, naval, or railway construction sites). Wherever the Group operates, numerous and diverse regulations relating to the working environment and industrial safety apply to all its activities. Particularly risky activities are subject to additional provisions. This regulatory environment aims to protect the health, safety, and quality of life at work of the employees for which the Group is responsible and to ensure a safe and healthy working environment. As a result, the lack of control of these provisions and/or the quantitative, qualitative, or temporal insufficiency of the measures implemented could expose the Group to financial or administrative sanctions, impair its operational performance, incur its liability and/or damage its reputation, appeal, and value. In addition, the Group's activities may be significantly affected by a national, regional, or even a global crisis of a biological (pandemic) or physical (volcanic eruption, earthquake, tsunami, hurricane, etc.) nature. Safeguarding the health of its employees and persons acting under the responsibility of the Group may incur significant additional costs, to which may be added efforts to maintain the continuity of its activities in safe and healthy conditions. As a result, the Group's ability to meet its commitments could be directly or indirectly affected (lack of provision of equipment, inability to access sites, etc.). Customers' needs could likewise be sharply, significantly, and permanently diminished, leading to a collapse in activity over time.	Thales has set up a dedicated organization combining the dimensions of sites, Global activities/Product Lines and legal entities, in order to prevent occupational health and safety risks at work on the Group's facilities as well as on external sites. Cross-functional and multidisciplinary steering committees, created to eliminate or reduce these risks, meet several times a year (see Chapter 4.1). This organization and these committees are in charge of: : • regular assessments and monitoring of the risks to which employees and the various stakeholders may be exposed; • specific analyses of the risks linked to the substances and products handled; • implementing concrete actions to prevent health and safety risks in the workplace and, in conjunction with the Human Resources Department, to improve quality of life and well-being at work (see Chapter 4.1); • anticipating major crisis situations that may occur on a national, regional, or global scale. Specific measures were implemented from the very beginning of the health crisis. They have continued or have been adapted to the context of the year 2021 and mainly concern: • the implementation of a Group Central Crisis Unit (CCU) in charge of managing the Covid-19 pandemic, in close collaboration with the Executive Committee and in coordination with the 55 local crisis units. In practice, these units are responsible for making decisions, establishing rules and recommendations, implementing them, monitoring the situation, optimizing the provision of the necessary protection resources, circulating information, and communicating about the health crisis. • controlling risks related to changes in work methods that can lead to psychosocial risks. Particular attention is paid to the quality of life at work in the hybrid mode of telecommuting and being present on site, depending on national constraints.

Risk identification		Risk monitoring and management
3. Environmental impacts related to the Group's business activities	The industrial footprint of Thales sites and operations, which remains small, exposes the Group to only limited risk of sanctions or damage to its image, particularly if certain operations do not comply with the increasing number of laws and regulations in this area. Emissions generated by the Group's activities are likely to affect the environment. In addition, the use of the products and solutions provided by the Group, throughout their life cycle, contributes to the production of greenhouse gases that have an impact on global warming and the circular economy. The low-carbon strategy implemented by the Group reflects Thales's commitment to the fight against climate change. Despite the actions already undertaken, as indicated opposite, the Group may not be able to fully achieve some of its stated objectives by the planned deadline. Risks arising from climate change (natural disasters, supply chain disruptions, economic instability, etc.) could have negative effects on the Group's performance and the resilience of its business model.	The Group constantly analyzes the environmental impact of its activities, taking into account regulatory, societal, and technical developments and the sensitivity of the environments concerned. It also strives to optimize its locations, wherever possible. The Group has deployed an organizational structure, processes, and tools designed to ensure control of the activities of its industrial sites and to limit their environmental impact (see section 5.5.2.3 URD 2021). For several years, the Group has been implementing a process to assess and reduce the exposure of its sites to natural disasters (see section 5.5.1.3.3 URD 2021) in order to reduce its vulnerability to the physical effects of climate change. The Group has made quantified and measurable commitments to reduce its impact on the environment. In particular, it is pursuing a strategy to reduce its carbon footprint, with targets for 2023 and 2030 in line with the Paris Agreement and taking into account the Science-Based Target methodology. These objectives were revised in 2021 to accelerate the process, with the aim of achieving a "Net Zero" level of operational emissions by 2040 (see section 5.5.2.3 URD 2021). This low-carbon strategy is supported by detailed action plans covering four areas: transportation, operations, purchasing, and products. At the end of 2021, Thales decided to strengthen its governance and organization on Corporate Social Responsibility (CSR) issues and to create an integrated CSR Department led by a Chief Sustainability Officer reporting to the Group's Secretary & General Counsel. The achievement of the Group's stated objectives is measured on a regular basis and is the subject of annual consolidation and publication (see 5.5.2.2 URD 2021).
4. Impacts of regulatory changes	Accelerated changes in environmental regulations could rule out certain technical solutions, particularly for certain suppliers or subcontractors. This could require the Group to qualify and implement alternative solutions, adapt its supply chain, or upgrade certain industrial resources, with the costs and timescales associated with such changes. Regulatory differences between countries and constant changes to regulations also make it more difficult for Thales to verify the compliance of solutions that are released to market, and could put the company at a competitive disadvantage. Lastly, the expectations and voluntary segment-specific national or international commitments relating to the circular economy or carbon-footprint reduction, in particular for products with a long life cycle (e.g., aerospace), could lead to technical impossibilities or significant additional costs.	The Group's analyses of environmental risks are regularly updated based on new issues, customer needs, regulatory changes, and voluntary commitments (e.g., REACh in Europe, chemicals, the circular economy, climate change, etc.), based on active international regulatory oversight and exchanges of information within national and international bodies. All this is factored into the design of the Group's products and solutions: • Thales is engaged in the eco-design of all its new products, and deploys tools to ensure that they are embraced by its employees and to anticipate obsolescence and the reduction in CO_2 emissions during their use; • numerous examples illustrate the significant contribution of the Group's products, solutions, and services to carbon reduction, particularly in the field of transportation (see Chapter 5.5.3 URD 2021). The Group's commitments to a low-carbon future and the associated targets are also passed on to suppliers and the supply chain and integrated into the contracts and/or specifications sent to them. Solutions for replacing hazardous substances are also being developed ahead of regulatory deadlines (see Chapter 5.5.2.1.2 URD 2021).

Risk identification		Risk monitoring and management
5. Compliance with rules of ethical business conduct (especially the fight against corruption and influence peddling)	Thales's business encompasses almost 70 countries. Failure to comply with applicable laws and regulations relating to ethical business conduct, and especially the fight against corruption and influence peddling, may have serious legal and financial consequences for the Group and severely damage its reputation.	The Group's anti-corruption Compliance Program, which has been in place for many years, is constantly being updated to incorporate recent legislative and regulatory changes. In 2020, Thales embarked on a certification process pursuant to ISO 37001: 2016 "Anti-bribery management systems". Certification was issued by AFNOR in March 2021 with the scope covering Thales SA and the companies it controls in France and some international subsidiaries of Thales International SAS (Thales EURAM, Thales AMEWA and Thales NSEA). The Group will continue this process in 2022 with a view to extending the scope of this certification to the United Kingdom and the Netherlands. The Group's anti-corruption policy is described in Chapter 5.6.1. URD 2021
6. Vigilance concerning supplier compliance with corporate responsibility issues	The Group's purchases account for approximately 40% of its sales. They are made worldwide from around 19,000 active suppliers of all sizes, many of whom have their own subcontracting chains. Despite the Group's increased vigilance, it is difficult to guarantee that all stakeholders in the supply chain will be fully compliant with laws relating to social, environmental, and ethical responsibility. Should any supplier fail to comply with laws relating to social, environmental, and ethical responsibility, it might affect the Group's business activity, image, and profitability.	Monitoring and management of this risk are included in the Duty of Care Plan (see Chapter 5.7.5 URD 2021) pursuant to law No. 2017-399 of March 27, 2017 on the Duty of Care of parent companies and contracting companies.

THE NON-FINANCIAL PERFORMANCE STATEMENT also includes the disclosures required under Article L.225-102-1 III paragraph 2 of the French Commercial Code. These include disclosures about the consequences of the company's business activities and the use of the goods and services it produces on climate change, its corporate commitments to sustainable development, the circular economy, the fight against food waste and food insecurity, respect for animal welfare and responsible, fair, and sustainable food, collective agreements signed within the company and their impact on the company's economic performance and employees' working conditions, initiatives aimed at combating discrimination and promoting diversity, and measures taken for people with disabilities..

SEE THE RELATED CROSS-REFERENCE TABLE IN CHAPTER 8.6. URD 2021.

3. NON-FINANCIAL PERFORMANCE SCORECARD

Topic/risk	Policies	Key performance indicator	2020 Results	2021 Results
1. Diversity and inclusion	**Thales's commitment:** **Bring out the best in everyone** *"At Thales, I work in teams that are open to diversity and that value our differences and backgrounds."* **Cross-functional initiative taken by the Executive Committee as part of the Group's** *Ambition 10* **strategic vision** Being a global leader with a strong local presence means embracing diversity in all its forms: gender, age, origin, and nationality. A truly diverse global organization has an additional advantage when it comes to competitiveness and attracting and retaining top local talent. Diversity stimulates innovation and creativity thanks to a broad range of approaches, perspectives, and ideas. Inclusion, which presupposes the acceptance of diversity and recognition of its importance, improves Thales's collective performance.	% of women in top positions *2023 target: 20%*	**18%**	**18.92%**
		% of Management Committees with at least three female members *2023 target: 75%*	**68%**	**71%**
2. Workplace health and safety	**Thales's commitment: Be attentive to everyone** *"At Thales, my manager trusts me: they empower me and monitor my well-being."* *"At Thales, I have all the resources and support I need to maintain a healthy work-life balance."* **Thales's commitment: HSE policy** *"Thales is committed to providing a safe and healthy working environment for its employees at its own sites and at external sites."*	Absenteeism rate	**3.30%**	**3.03%**
		Frequency rate of accidents at work *2023 target: 1.55*	**1.66**	**1.47**
		Severity rate of accidents at work	**0.056**	**0.03**
		% of employees working on an OHSAS 18001/ISO 45001 certified site	**77.1%**	**81.93%**
3. Environmental impacts of the Group's activities	**Thales's commitment: HSE policy** *"Thales is committed to safeguarding the environment by limiting impacts (energy, climate, natural resources, etc.) and preventing pollution risks."*	Reduction of operational emissions[a] Absolute value compared with 2018 *2023 target: -35%*	**-35%**	**-36%**
		Reduction of other emissions[b] Absolute value compared with 2018	**-29%**	**-33%**
		Recycling rate of non-hazardous waste	**60%**	**70%**
		% of employees working at ISO 14001 certified sites	**84%**	**87%**

Topic/risk	Policies	Key performance indicator	2020 Results	2021 Results
4. Impacts of regulatory changes	**Thales's commitment: HSE policy** *"Thales is committed to designing, purchasing, producing, and providing solutions, products, and services that meet health, safety, and environmental requirements."*	New developments incorporating eco-design	**44%**	**84%**
		Percentage of Product Line Architects and Product Line Managers trained in or made aware of eco-design	**33%**	**64%**
5. Compliance with rules of ethical business conduct (especially the fight against corruption and influence peddling)	**Thales's commitment: Zero tolerance of corruption** *"Ethical conduct, integrity, and compliance with regulations must be the rule for all Group employees throughout the world and at all levels of the company."* (extract from the Code of Ethics)	Number of operational entities that assessed risks of corruption	**149**	**153**
		Anti-corruption training[c] *Multi-year objective: training of 100% of the populations concerned*	**1,350**	**6,774**
		Alerts received via the Group's whistleblowing system, including alerts relating to allegations of corruption[d]	**25** **-**	**44** **1**
6. Vigilance concerning supplier compliance with corporate responsibility issues	**Thales's commitment:** **Get all its suppliers to support its approach to corporate responsibility** *"Thales establishes relationships of mutual co-operation with its suppliers based on mutual loyalty."* (extract from the Code of Ethics)) Thales requires its suppliers to comply with commitments relating to Human Rights, labor standards, and environmental protection.	Percentage of new suppliers committed to the principles of Thales's new Integrity & Corporate Responsibility Charter: *2023 target: 100%*	**91%**	**97%**
		Percentage of suppliers assessed among those considered as "at risk" according to the Duty of Care mapping. *2023 target: 100%*	**24%**	**59%**

(a) Operational emissions: Internal operations (Scope 1, 2, and 3 – business travel).
(b) Other emissions: Scope 3 purchases of goods and services and use of products and services sold.
(c) In 2021, 2,143 employees took the "general e-learning" course, 1,039 employees attended the virtual class and 3,592 employees took the "thematic e-learning" courses.
(d) The alert concerning allegations of corruption was closed without further action, as the internal investigation confirmed that there was no evidence of corruption.

4. HUMAN RESOURCES GEARED TOWARDS GROUP PERFORMANCE

In the face of the social, health, and economic challenges with which they have been confronted, employees demonstrated their ability to adapt, their flexibility, and their strong commitment in 2021, in order to enable the Group to respond to customer expectations, to support the transformation of organizations, and to rethink working methods while guaranteeing a safe and flexible environment. This dynamic has resulted in:

- new initiatives to give new life to the "Ambition Boost" program. This performance program for the achievement of the Group's strategic ambitions involves the HR department strengthening the appeal of Thales on the one hand, and developing the expertise and behavioral skills of employees on the other;
- the rollout of "smart working" throughout the Group. This approach meets the threefold objective of accelerating the Group's competitiveness and collective performance, offering flexibility in terms of when, where, and how we work, and lastly, improving well-being at work and the balance between professional and personal life for our employees;
- accelerating the CSR strategy and action plans. The Group has set itself new, more ambitious objectives to contribute to a safer, more environmentally friendly, and more inclusive world.

BENCHMARKS IN NUMBERS:

At the end of 2021, Thales had **80,995 employees** working in **7 Global Business Units (GBUs)** corresponding to the Group's 5 main areas of activity: Defense & Security, **Digital Identity & Security, Aerospace, Space, and Ground Transport.**

Present **70 countries**, 47% of the workforce is **located in France, 28% in Europe (excluding France), 7% in Asia and 7% in North America.**

These employees are divided into **3 main zones**: France, the major countries where the Group[1] operates and the other countries where it operates.

Number of employees as of 12/31/2021[2]

38,145 France

22,153 Major countries of operation

20,697 Other countries of operation

In 2021, 10,310 new employees joined Thales and 8,133 employees left the Group. The 2021 turnover rate is 5.26%[3].

Turnover	Group		France		Major countries of operation		Other countries of operation	
Age range	Women	Men	Women	Men	Women	Men	Women	Men
<30	13.22%	12.87%	4.56%	8.12%	16.25%	13.02%	20.93%	20.84%
30-40	8.22%	8.21%	2.98%	4.49%	12.98%	11.22%	10.26%	10.97%
40-50	3.76%	3.59%	1.32%	1.41%	8.17%	7.06%	4.18%	4.63%
>50	1.49%	1.87%	0.52%	0.51%	3.19%	3.60%	1.83%	2.18%
Grand Total	**5.61%**	**5.14%**	**1.80%**	**2.51%**	**8.61%**	**6.95%**	**9.03%**	**8.30%**

(1) Germany, Australia, Canada, Netherlands, United Kingdom, and United States.
(2) The number of employees indicated are the active employees as mentioned in the methodological note
(3) Rate calculated in accordance with the Global Reporting Initiative (GRI) 401-1 standard

4.1 PROVIDING A SAFE, HIGH-QUALITY WORK ENVIRONMENT

For many years, Thales has been committed to providing a safe and healthy work environment for all its employees, where everyone has the trust and support of the managerial teams but also the resources enabling them to do their jobs and maintain a healthy balance between their professional and personal lives.

"FIRMLY COMMITTED TO A VOLUNTARY AND RESPONSIBLE APPROACH"

Firmly committed to a voluntary and responsible approach in terms of prevention and protection of the health and safety of the Group's employees, the Human Resources and Health, Safety & Environment departments, supported by the Occupational Health Service, continued their engagement throughout 2021 to help employees during the global health crisis related to the Covid-19 pandemic, whether by supporting employees in difficulty or adapting work structures.

the European Works Council today consists of **39** members from 11 European countries

Pursuing a dynamic and constructive social dialogue

Examples of adapted dialogue: For a long time, Thales has pushed for collaboration with social partners on all subjects of common interest. In 2021, this collaboration led to social dialogue aiming particularly to mitigate the consequences of the crisis for employees and the organization of activities.

Thales promotes social dialogue at all levels of the organization. Since its inception in 1993, the European Works Council today consists of 39 members from 11 European countries[1]. It met eight times in 2021 (two plenary meetings, three extraordinary meetings, and three executive committee meetings) to discuss the Group's economic and financial outlook, news from the GBU, the impact of the health crisis, and the planned disposal of the Group's Transport segment.

The agreement concerning the European Works Council also provides for the organization of discussion and information meetings at the level of each Global Business Unit to enable members of the council belonging to each GBU to discuss its transnational strategic and social outlook. During the Executive Committee meetings, the actions of these committees were highlighted.

In France, representation of the staff is structured around the central Social and Economic Committees and site committees as well as a network of local representatives. Sites comprising more than 50 employees also have a Health, Safety, and Work Conditions Commission. The structure of these bodies is the result of collective bargaining.

(1) France, United Kingdom, Germany, Italy, Netherlands, Spain, Belgium, Austria, Portugal, Norway, Switzerland

A base of harmonized social measures resulting from dialogue with the social partners

Over the years, Thales and its social partners have entered into collective agreements applicable to all of the Group's employees in France. The measures resulting from these agreements form the basis of social measures relating to health and working conditions, employee benefits, professional equality, disability, retirement, and pension schemes, and evolve regularly to harmonize and consolidate the social benefits offered to employees.

In November 2021, the Group's social partners in France concluded an agreement on business trips, on the one hand enabling the applicable rules to be harmonized within the Group in France, and on the other hand enabling the ecological and social impact of these trips to be taken into account in the context of the Group's environmental policy.

The dynamic social dialogue in France also notably resulted in the signing of the following Group collective agreements in 2021:

- agreement relating to procedures for social control of the prevention and occupational health service of the Thales Group signed on June 4, 2021;
- agreement transforming PERCO into a collective pension fund (PERECO) signed on May 25, 2021.

Internationally, the Group entities respect the conventions of the ILO relating to the right to organize and collective bargaining[1]; at the end of 2021, 76% of Group employees worldwide were covered by collective agreements.

76%
of Group employees worldwide were covered by collective agreements.

A social dialogue to accompany the Group's transformations

La With the health crisis linked to the Covid-19 global epidemic having significantly impacted on air transport and its related activities, the social partners entered into an agreement in January 2021 aiming to adopt specific measures to encourage the recovery and sustainability of the activities impacted by the crisis and to preserve the skills necessary in anticipation of recovery of these activities.

More than 30 company and site collective agreements were signed in the Group's various French entities in 2021.

The staff representative bodies, at the Group level or locally, are regularly informed and/or consulted on Group restructuring plans according to the methods provided by the regulations and agreements applicable in the relevant country. For example, in France, during 2021, the SECs of the entities affected by the planned rationalization of certain Thales sites in Ile de France (France) were informed and then consulted, with the operational departments making sure beforehand that the staff representatives had enough time to render their opinions.

Monitoring employees' commitment

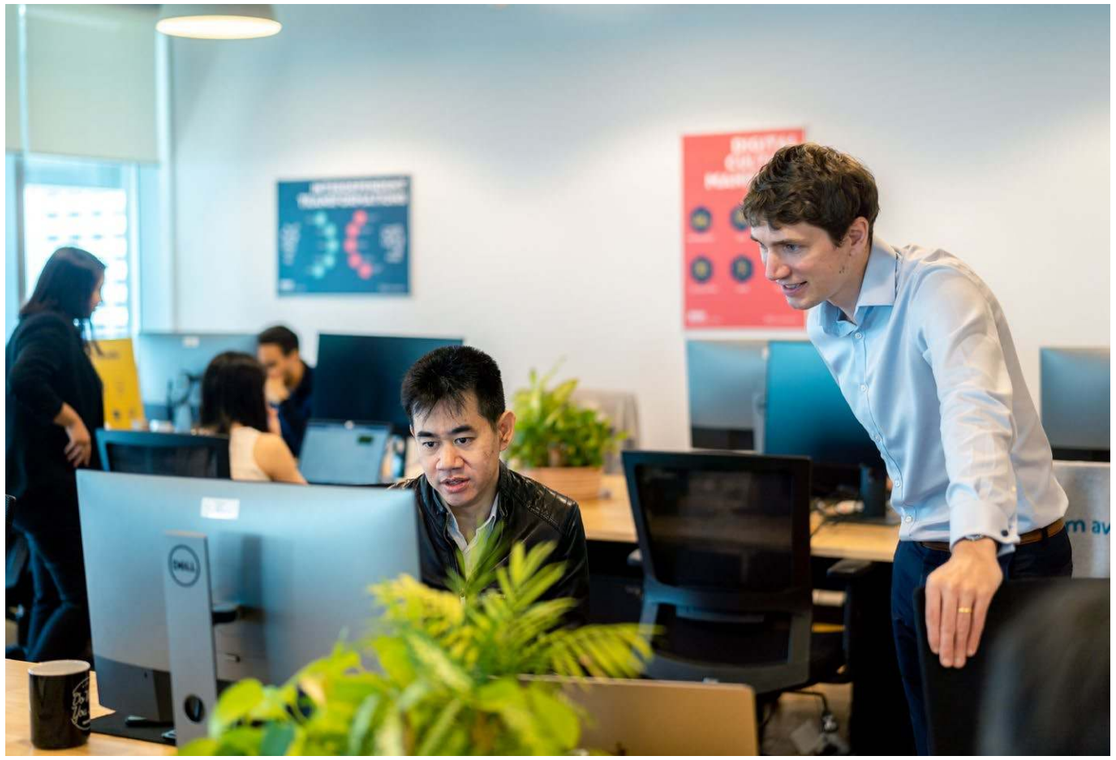
In June 2021, a survey launched for the first time on a Group scale enabled the quality of working conditions and the commitment of employees in 14 thematic to be measured.

At the Group level, 61% of employees invited to participate in the survey responded. A particularly high response rate was recorded in certain countries, such as Thailand (99%), Bulgaria (92%), Japan (90%), India (88%), Brazil (87%), and Canada (80%).

Out of the 14 sections of the survey, 11 got a favorable response rate greater than 70%, particularly the following categories: Well-being, collaboration, and listening and taking ideas into consideration.

The results of the commitment survey were shared locally with the managers, the HR department, the Executive Committee, and the Group Board of Directors, and plans of action have already been implemented at local and Group level.

(1) Conventions no. 87 on the freedom of association and protection of the right to organize and no. 98 on the right to organize and collective bargaining.



4.1.1 HIGH-QUALITY WORKING CONDITIONS

In 2021, convinced that the well-being of employees is a key factor for sustainable performance and for attracting and retaining talent, the Group continued its commitments and efforts to improve the quality of working conditions.

At the end of 2021, 98% of employees had an open-ended contract and 94% of employees were employed full time, with part-time work contracts generally reflecting an employee's personal choice.

" AT THE END OF 2021, 94% OF EMPLOYEES WERE EMPLOYED FULL TIME "

Actions taken for a better work-life balance

The Group continued awareness sessions relating to the right to log off through a training course open to all Group employees on the platform uLearn. In the training program "The manager, a key player in quality of working life", managers are made aware of their leading role in the quality of working life and trained on proper implementation of employees' right to log off.

In France, a "Master Mail" global action aiming to encourage employees to regulate their use of digital tools was initiated in 2019 at a test site in France. After an analysis phase and then a support phase for teams, the conclusions of this action were communicated to employees in June 2021.

In 2021, Thales undertook to promote parenting and work-life balance. For example, in France, 444 children of employees attended daycare in 2021 (compared to 444 in 2020, 426 in 2019, and 381 in 2018). In France, the Group also offers an emergency childcare solution if usual childcare arrangements are unavailable.

The move to Smart Working also contributes to a work structure that reconciles operational efficiency with better personal organization that respects a healthy work-life balance.

Fighting against harassment

In 2021, the Group provided the managerial teams and the HR teams in France with a guide that defines the procedure for processing alerts to situations that may indicate harassment or violence at work. This guide aims to provide the best possible support to employees who might be forced to take such a step, from receiving the alert to issuing the results of an investigation report, if need be.

Thales provides the Group's employees worldwide with an alert platform that allows them to report cases of harassment or discrimination in particular. This digital platform is accessible 24/7 and guarantees total anonymity to the author of a report who so wishes. Once declared as admissible, the alerts received are processed by the Alert Follow-up Committee.

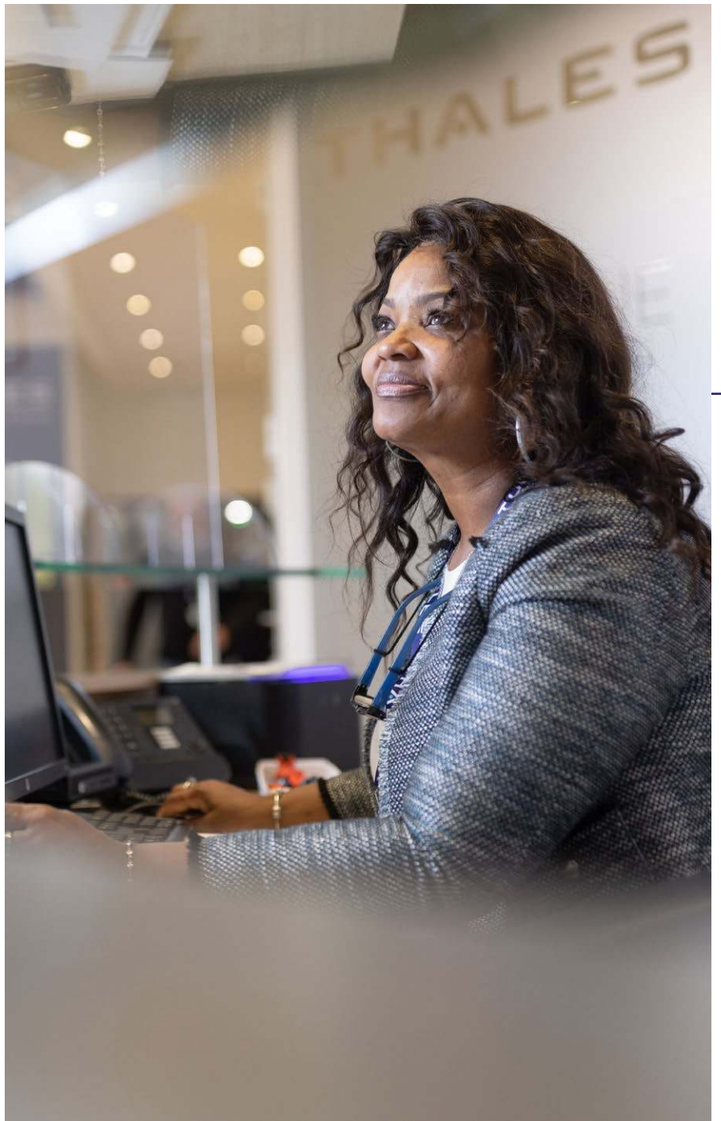
Depending on their preference and the circumstances, the originator of the alert can also choose to make a report to their line manager or HR contact person.

" THALES PROVIDES THE GROUP'S EMPLOYEES WORLDWIDE WITH AN ALERT PLATFORM "

Protection of personal data

At the end of 2021, the Group installed a new tool that enables a register of both data processing and data breaches to be kept, as well as requests for right of access to be managed. The members of Thales' data protection network are in charge of supplying and updating this tool and benefited from a dedicated introductory training course in September 2021.

As part of the implementation or development of new tools for managing human resources, audits have also been carried out with the departments in charge of data protection within the Group to ensure proper compliance with the provisions concerning protection of personal data.



Support for employees during the health crisis

Throughout 2021, the Central Crisis Unit, composed of the Security, Human Resources, HSE, Procurement, Operations, and Communication departments in particular, continued to meet regularly to monitor the development of the Covid-19 pandemic. The structure of this crisis unit is described in paragraph 4.1.2.3

As part of this process, the health measures applicable in different countries adapted to changes in the local obligations as and when necessary. The Central Crisis Unit also supported sites in the organization of their activities conducted while working from home and on site, as well as in managing travel and professional events.

During 2021, Thales participated actively in the vaccination campaign led by the health authorities, particularly in France. In April 2021, it set up a structure allowing eligible and willing employees to be vaccinated gradually, while respecting confidentiality and applying the government directives and existing protocols, particularly regarding the prioritization of targeted populations. When vaccination was extended to people over the age of 18, Thales immediately took part in the pilot operation for which the French Government had selected 20 companies, supplying them with 30,000 doses of the Moderna vaccine. All employees of the Group in France had the opportunity to be vaccinated at their place of work or nearby, depending on the doses available. The Group remains committed and continues to offer vaccination to those employees who want it.

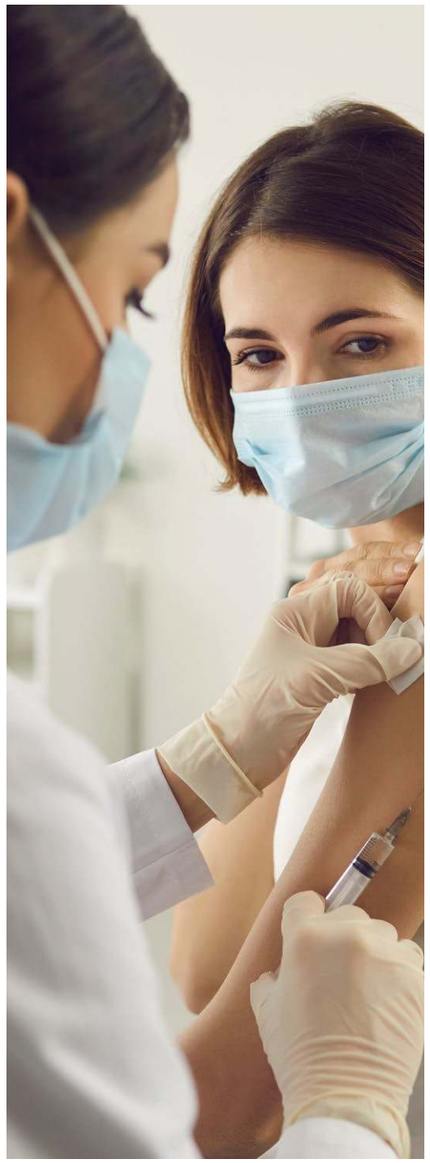
In France, psychological support via a telephone platform is also still available to employees who need it.

The French Government had selected 20 companies, supplying them with

30,000

doses of the Moderna vaccine

" DURING 2021, THALES PARTICIPATED ACTIVELY IN THE VACCINATION CAMPAIGN LED BY THE HEALTH AUTHORITIES "



4.1.2 PREVENTION OF OCCUPATIONAL HYGIENE, HEALTH, AND SAFETY RISKS

4.1.2.1 POLICY AND GOVERNANCE

Policy and risk analysis

In May 2021, the Group renewed its commitment to prevent risks and protect its employees through one of the 3 fundamental themes of its Hygiene, Health, Safety, and Environment (HSE) policy, which have been part of the Group's ethical principles for more than 20 years.

This voluntary responsible action is coordinated by the Group's HSE department. It works at operational level within countries and GBUs by implementing specific measures relating to safety culture and the strengthening of management skills linked to the prevention of occupational health and safety risks. In 2019, the Group's Executive Committee adopted a renewed version of the HSE vision setting thus goals for 2023.

The Group policy is based on 2 pillars regarding health and safety:

- to ensure the health, safety, and well-being at work of the company's women and men, as well as staff working at its sites and at external worksites under its responsibility;
- to design, purchase, manufacture, and supply solutions, products, and services that meet health, safety, and environmental protection standards.

Performance management is implemented regularly through the monitoring of dedicated indicators.

PERFORMANCE RELATING TO SAFETY AT WORK (NFPS)

	2023 Target	2030 Target	2018	2020	2021	Change 2018-2021
Accidents at work Frequency rate of accidents at work with recurring downtime (Tf1 of Thales employees)	**1.55**		**2.22**	**1.66**	**1.47**	**-33.8%**
Change in severity rate of accidents at work	-		**0.053**	**0.056**	**0.03**	**-43.4%**
ISO 45001 certification Percentage of employees working at an OHSAS ISO 18001/ISO 45001 certified site	-		**83%**	**77.1%**	**81.93%**	**+3 pts**

Note: 2018 frequency rate of accidents at work and severity rate recalculated to include Gemalto. Percentage of employees working at certified sites excluding Gemalto in 2018.

At the end of 2020, the Executive Committee wished to reinforce the collective dimension of performance recognition. In this context, it was decided that, as of 2021, CSR targets corresponding to the Group's commitments would account for 10% of variable compensation for eligible employees, with safety performance counting for 2.5% (see 5.4.1.2 URD 2021). 2021 was a positive year that resulted in all the targets being exceeded.

In 2019, the Group devised a "HSE culture" roadmap, which was entered into for a period of 4 years (see 4.1.2). The first 3 years of implementation of this initiative enabled a significant improvement in the Group's performance through:

- strengthening leadership support and the acceptance by all employees of the importance of HSE issues ("HSE Masterclass") to be rolled out in all management committees of the organizations in all countries;
- supporting teams in implementing best practices on the ground ("HSE 4 US").

Aspects relating to the quality of working life, to well-being, and to psychosocial risks are closely coordinated with the Group's HR department, and with the prevention and occupational health services (see 4.1.1).

Each of the operating entities undergoes an annual self-assessment of occupational health and safety risks with the coordination of the Group Risk Assessment Committee. This ensures the implementation of HSE management best practices at Thales sites and external worksites. It can, if necessary, lead to an annual improvement plan developed with country or Group experts.

A DEDICATED HSE STRUCTURE

Eager to continually improve its performance in terms of health, safety, and environmental protection and to prevent industrial risks, the Group has set up a global governance structure based on the network of expert HSE managers:

- a dedicated network of "HSE sites/operations" coordinators at the level of countries, entities, and external worksites, depending on geographical presence;
- a dedicated network of "HSE products and services" coordinators at the level of GBU (Global Business Units) and product lines, enriched by representatives in cross-functional departments (product policies, engineering, industry, purchasing, services, bids and projects, etc.).

The cross-functional and international HSE Steering Committees drive the implementation of the HSE policy and ensure expertise and momentum by enabling the rollout of prevention standards. They determine the annual action plans and capitalize on feedback to improve the HSE culture. Operational management relies on these networks coordinated into dedicated job families, determines recruitment and training needs, and anticipates future HSE challenges.

"THE CROSS-FUNCTIONAL AND INTERNATIONAL HSE STEERING COMMITTEES DRIVE THE IMPLEMENTATION OF THE HSE POLICY"

The other operational and cross-functional departments (human resources, occupational medicine, industry, engineering, purchases, etc.) are linked to these lines of work to ensure policy consistency in terms of prevention of occupational hygiene, health and safety, and environmental risks.

The members of the extended international HSE network meet at a conference once a year. In 2021, this 2-day event was held in hybrid form with face-to-face conferences broadcast live followed by recordings being made available for all Group employees.
The main topics covered were:

- the HSE vision, the Group's performance and health situation;
- the Strategy for a Low-Carbon Future;
- development of the safety culture;
- environmental issues, particularly the European green taxonomy, international regulations on controlled substances, eco-design, and industry;
- Corporate Social Responsibility (CSR).

The dashboard to monitor the Group's performance indicators has been produced and circulated monthly since June 2021 by the Operations and Performance department.

The network of HSE experts has played a central role in the management of the health crisis, supported by the international HSE Steering Committee. The latter undertook to ensure consistent implementation of health recommendations on sites while taking into account specific national circumstances, in perfect coordination with other roles and country crisis units. This network of experts remained mobilized to support employees and ensure their health and safety.

Monitoring of cases of infection and of the smooth implementation of health regulations was maintained.

4.1.2.2 MAINTAINING SKILLS AND RAISING AWARENESS OF RISKS

Training

Knowledge of operational risks and the associated mitigation measures is essential for enabling managers and employees to maintain not only the right level of vigilance, but also their awareness of risks, control measures, and best practices to adopt.

Thales' Human Resources and HSE departments implement and maintain training courses on occupational health and safety at Group level.

Specific needs are identified at sites or on external worksites and complement the programs established at Group level. Risk training plans scheduled at the end of 2020 were adapted according to the changing context and needs. Particular attention was placed on awareness of specific risks linked to working from home as well as to psychosocial risks (best practices for safety and quality of life for working from home, right to log off, hygiene practices, etc.).

" SPECIFIC NEEDS ARE IDENTIFIED AT SITES OR ON EXTERNAL WORKSITES AND COMPLEMENT THE PROGRAMS ESTABLISHED AT GROUP LEVEL. "

Maintaining skills relating to health and safety in the Group, with the support of dedicated training modules, is ensured by internal trainers, HSE managers, or specialized external bodies. Online training modules are made available to everyone via the Thales Learning Hub. Furthermore, employees have access to specific content accessible directly on the intranet via a page dedicated to Covid-19 and working from home, which is continually updated.

All these training courses (except units dedicated to the health crisis) relate to:

- general training courses on workplace safety (welcome and on-the-job training, fires, first responders, etc.);
- specific training courses on risks faced (electrical, chemical, radiation, ergonomic, psychosocial risks, etc.);
- training courses on tools (risk analyses, regulatory monitoring, standards, audit and inspection techniques;
- training courses on management and safety best practices.

Excluding specific "Covid" awareness-raising and remote training modules, in 2021 more than 90,000 hours of face-to-face training on safety were provided in the Group. This included training courses dedicated to safety at employees' place of work, but also development of skills for HSE experts, or the HSE Masterclass for top management.

TO IMPROVE SUPPORT FOR MANAGERS AND EMPLOYEES ON HSE ISSUES, THE GROUP STRENGTHENED ITS SPECIFIC TRAINING PROGRAM FOR HSE COORDINATORS IN 2020, AIMING TO DEVELOP THEIR OPERATIONAL LEADERSHIP SKILLS, WITH PARTICULAR ATTENTION TO SUPPORT FOR LOCAL MANAGERS.

more than 90,000 hours

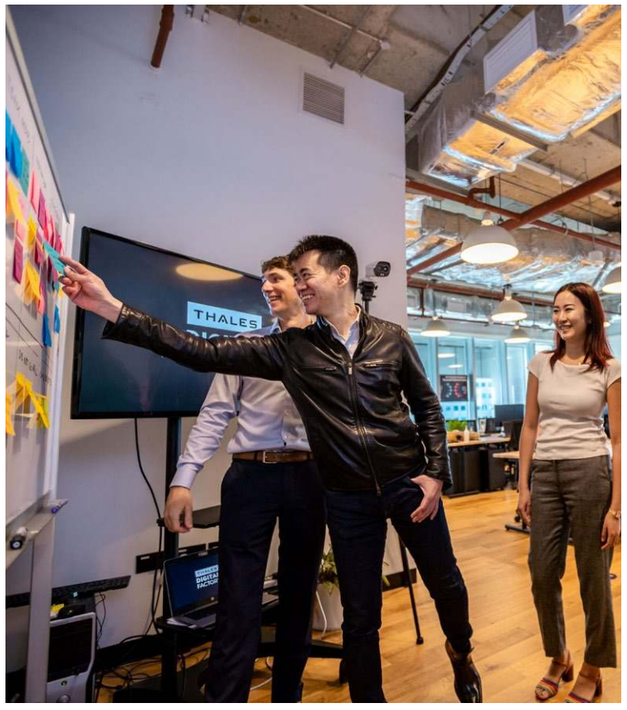
of face-to-face training on safety were provided and delivered in 2021.

CORPORATE RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE

In addition, training sessions on "HSE culture", which define the leadership model, were developed for site/country/Global Business Unit management committees. These were rolled out to certain units in France, Australia, and Germany. Thanks to these experiences, an "HSE Masterclass" was developed with an expert consultant in HSE culture. This training, delayed by the health crisis in 2020, was part of the priority managerial targets resumed in 2021.

In 2021, 3 Group Global Business Units and 3 countries (UK, Germany, and Singapore) implemented these workshops at their Management Committee level. As a result of these workshops, it was systematically decided to adapt the principles of management change in HSE for the organization in question. Related to this managerial change, a specific complementary training course for local HSE teams was organized to support the approach. The Group's aim is to have completed the training of all GBU (Global Business Units)/country Management Committees by June 2022.

" AN "HSE MASTERCLASS" WAS DEVELOPED WITH AN EXPERT CONSULTANT IN HSE "



Raising awareness – Communication

Regular awareness and communication programs, devised and implemented locally, also enable the level of ownership and awareness of risks to be maintained among all employees. The Group publishes a quarterly HSE newsletter and organizes a Group awareness-raising campaign each year on a dedicated topic

The last four campaigns addressed: best practices relating to the risk of falling (2015), material handling risks (2016), road risks (2017), and good managerial approaches for incorporating hygiene, health, safety, and the environment into everyday practices (2019). In October 2020, the Group launched a global "HSE 4 US" campaign dealing with the 4 basic rules regarding health, safety, and the environment. Each employee was invited to organize an exercise within their team enabling ownership of these rules to be taken up and responsible behavior to be adopted. This approach that was taken in the HSE culture program continued in 2021 by highlighting the culture of information feedback concerning near-accidents and dangerous situations.

Finally, a dedicated HSE portal is accessible to everyone on the Group intranet, enabling them to view video media of a 2 day conference (HSE webdays) dedicated to HSE issues in the Group.

" THE GROUP PUBLISHES A QUARTERLY HSE NEWSLETTER AND ORGANIZES A GROUP AWARENESS-RAISING CAMPAIGN EACH YEAR ON A DEDICATED TOPIC. "

4.1.2.3 RISK MANAGEMENT AND OPERATIONAL CONTROL

Health crisis linked to Covid-19

Thales activated its crisis management procedure in January 2020. The Group supported its sites in managing the health crisis by developing initial health and safety measures, new work structures (rotation of teams and then working from home), and providing personal protective equipment (masks, gowns., etc.) and travel guidelines.

The dedicated Group Central Crisis Unit (CCU) was set up on February 26, 2020. This central crisis unit formed the link between all entity and country crisis units to coordinate actions and define the health and safety policy. This unit grouped together all departments directly impacted by the crisis: Health, Safety, and Environment, Medical Advisers, Human Resources, Security, Communication, Information Systems, Operations, Procurement, and Logistics.

Since 2020, this network has participated in the development of health standards and instructions on continuing business and has ensured regular monitoring of the situation in order to adapt accordingly. In 2021, it remained active and also helped to roll out the vaccination everywhere the national regulations allowed it.

“SEVERAL THOUSAND THALES EMPLOYEES WERE THUS ABLE TO BE VACCINATED THANKS TO DEDICATED MEDICAL TEAMS.”

For example, in France, the independent occupational health service participated in the national vaccination campaign, enabling interested occupational physicians to vaccinate employees and subcontractors of the Thales sites. An equivalent step was taken in Germany. In Mexico, Thales participated in the setting up of a vaccine center with companies from the area where the Cuernava site is located. Several thousand Thales employees were thus able to be vaccinated thanks to dedicated medical teams.

Management on the ground

Thales has integrated the management of risks related to workplace safety into its Group management system, available to all employees at all entities worldwide.

The HSE process enforces the implementation of a safety management system on all sites to ensure that risks from operational activities are avoided, managed, and limited, while complying with the general principles of prevention. Since 2020, risk analyses, necessary adaptations, and rules that take into account health aspects due to the pandemic have been incorporated and are regularly updated in accordance with any developments.

Integrated into the various processes that govern the Group’s activities, it defines best practices and methodological guidelines, and specifies the rules that must be followed at all levels of the organization. It also sets out the risk management and accident alert procedures.
Risk analyses are performed at all Group sites and regularly updated depending on activities, scientific and technical developments, and new challenges.

132 CERTIFIED SITES
compared to 128 in 2020.

These analyses allow the operational departments, with the support of HSE experts, to:

- verify compliance of the activities carried out and products used or put on the market, and ensure continued compliance of equipment;
- ensure that employees are not exposed to certain risks, or else reduce and manage them;
- monitor the availability of collective and individual protective equipment for residual risks that cannot be avoided;
- ensure that activities are not likely to harm people and/or the environment through technological accidents;
- analyze and anticipate the impact of new regulations;
- ensure continued compliance with instructions and procedures by employees and external partners, including through the organization of emergency scenario drills;
- integrate hygiene, health, and safety aspects into management on the ground.

Risk assessments and analyses of legal requirements and compliance obligations are based on active regulatory monitoring and are formally documented at all Group sites, as well as at external worksites.

IN ADDITION, IMPLEMENTATION OF THE LEAN CULTURE INCORPORATES HSE ASPECTS INTO OPERATIONAL PRACTICES: COORDINATION OF TEAMS, SITE VISITS, AND IMPROVEMENTS.

At the same time, Group HSE experts support the application of HSE standards on sites and external worksites, and also support operational teams to ensure consistency and monitoring on the ground, based on the ISO 45001 management standard. For example, on December 31, 2021, 81.93% of the Group’s global staff were working at a site or in an organization that was certified according to this management standard.
Certifications grouped by country are largely implemented within Thales, meaning that there are now 132 certified sites compared to 128 in 2020.

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE (NFPS)

Percentage of employees working at an ISO 45001 certified site in 2021: 81.93%

CHANGE IN NUMBER OF EMPLOYEES WORKING AT AN ISO 45001 CERTIFIED SITE*

* 2018: Without Germalto, 2020 and 2021: with Germalto.

Monitoring of performance and continuous improvement
Certified sites carry out internal audits enabling continuous sharing of best practices and improvement to the HSE management systems. In 2021, this oversight was maintained despite the crisis, and self-assessments were conducted to verify proper implementation of health regulations. The surveillance audits by external bodies, continued in 2021, guarantee external oversight.
The Group strengthened its internal tools by setting up a system to assess HSE maturity, implemented in all entities since 2017. This reinforces the HSE culture and the involvement of managers and employees to support improvement in the Group's performance and that of its partners. HSE maturity self-assessments are implemented on all industrial sites and are reinforced by internal assessments that rely on a team of 21 qualified senior auditors.

"THE GROUP STRENGTHENED ITS INTERNAL TOOLS BY SETTING UP A SYSTEM TO ASSESS HSE MATURITY, IMPLEMENTED IN ALL ENTITIES SINCE 2017."

In 2021, as a result of the pandemic and difficulties in organizing international travel, 4 internal assessments for HSE maturity were carried out. The self-assessments continued and were consolidated to follow up the development of the HSE culture program.

In addition, the health and safety performance for Group employees, monitored at the Executive Committee level by the Operations and Performance department, was significantly influenced by:

- the health crisis and lockdowns;
- the adaptation of modes of working with a large number of employees working from home for a large part of the year;
- modes of operation being disrupted at times and a gradual return to normal rhythms.

The Group mourns the death of one of its employees in 2021, who fell ill at work.

internal assessments that rely on a team of
21
qualified senior auditors

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE (NFPS)

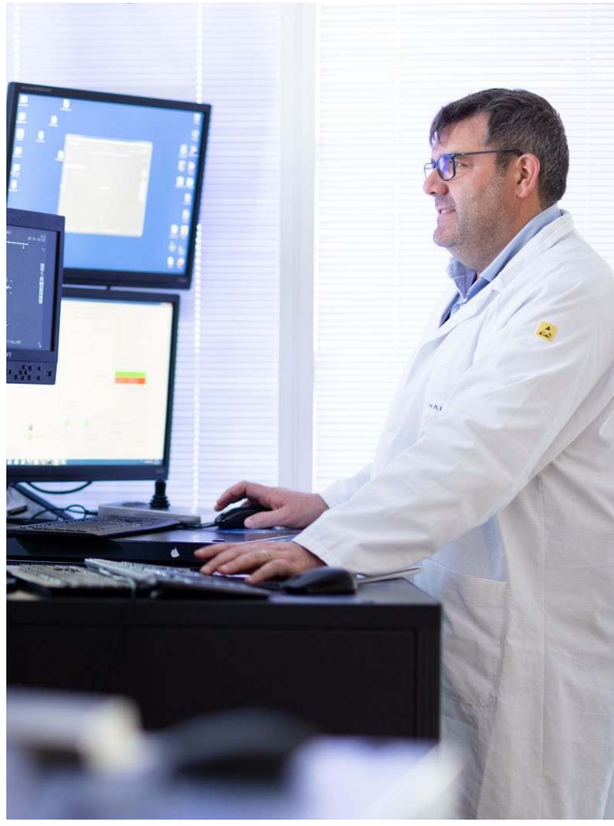
Global frequency rate of accidents at work: 1.47 in 2021 (1.61 including subcontractors)

CHANGE IN FREQUENCY RATE (ACCIDENTS AT WORK WITH DOWNTIME)[9]

(9) The data presented includes Gemalto.

The rates noted in each country are relatively varied and depend on the activities carried out there. Including Gemalto, the consolidated rate at the end of 2018 was 2.22. In 2021, the context continued to be influenced by the pandemic; however, the frequency rate of accidents at work improved with a result of 1.47, or 33.8% below the 2018 rate. For 2022, the Group target is a consolidated rate of 1.55 with a target of 1.2 by the end of 2023. This value of 1.55 was initially the Group's target for the end of 2023. Significant prevention work is carried out by the teams on the ground and the focus continues to be on actions that enable the impact of the most serious accidents to be reduced. In contrast to other years, when the causes of accidents were either industrial or behavioral, in 2021 it appears that the 2 principal sources of accidents were behavioral (25%) or technical (50%), without a specific link to the pandemic.

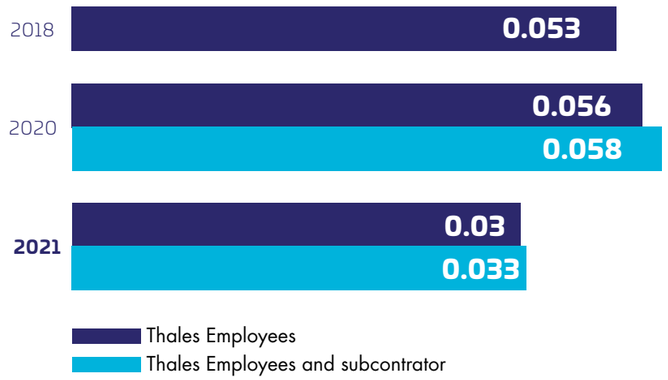
The frequency rate has also been consolidated since 2019 by including subcontractors who work permanently on Group sites and external worksites. For Thales, this involves being able to check that safety practices are correctly implemented during operations. This consolidation impacted the Group frequency rate, which reached 1.61 in 2021.



OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE (NFPS)

Global severity rate of accidents at work: 0.030 in 2021 (0.033 with subcontractors)

CHANGE IN SEVERITY RATE*



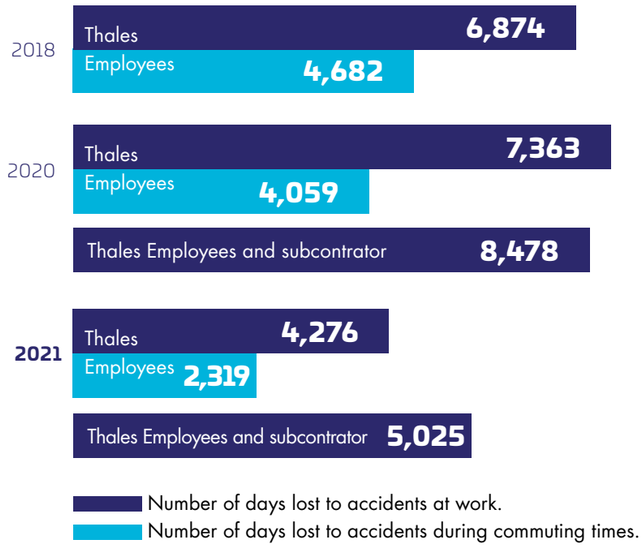
* 2018 severity rate with Gemalto. The rate without Gemalto amounted to 0.048 in 2018.

The severity rate of accidents at work was 0.053 in 2018 for the whole Group after consolidation following integration of the ex-Gemalto DIS employees.
In 2021, the severity rate of accidents at work was 0.030 (0.033 with inclusion of grade 1 subcontractors), or an improvement of 43.4% compared to 2018. This improvement is linked in part to the global decrease in the number of accidents at work, but it also demonstrates the improvement in risk management within the Group and the progress in terms of safety culture.

"72% OF GROUP SITES DID NOT HAVE ANY LOST DAYS DUE TO ACCIDENTS AT WORK IN 2021 AND SHOW FREQUENCY AND SEVERITY RATES OF 0."

CORPORATE RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE

CHANGE IN NUMBER OF LOST DAYS*



* Number of days lost in 2018 with Gemalto.

4.2 OTHER SOCIAL INDICATORS

BREAKDOWN OF WORLDWIDE WORKFORCE

The breakdown of Group employees was stable in 2021.
With more than 60,800 active employees, or 76% of the workforce, Europe continues to be the main employment zone.

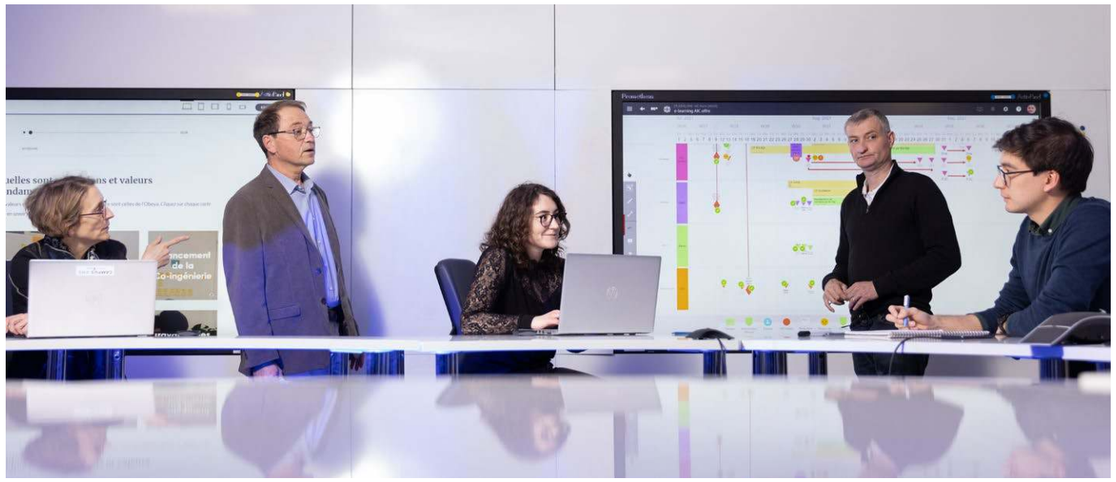
Workforce as of December 31[1]	2020	2021
France[2]	38,644	38,145
Major countries where the Group operates		
United Kingdom	6,471	6,478
Germany	3,738	4,004
United States	3,995	3,722
Australia	3,573	3,570
Netherlands	2,176	2,368
Canada	2,036	2,011
Other countries where the Group operates		
Italy	2,827	2,950
Singapore	1,881	1,785
India	1,418	1,555
China-Hong Kong	1,433	1,342
Spain	1,294	1,313
Mexico	1,176	1,264
Poland	1,275	1,233
Brazil	1,034	1,223
Belgium	895	977
Romania	699	835
Middle East (excluding Saudi Arabia))	728	636
Thailand	699	511
Portugal	445	489
Switzerland	445	448
Austria	351	391
Czech Republic	311	320
Saudi Arabia	343	313
Egypt	310	308
Turkey	299	302
Finland	346	285
Norway	269	267
Denmark	220	214
South Africa	191	185
Israel	192	181
Philippines	181	181
Colombia	147	131
Japan	128	122
Taiwan	122	115
Russia	116	112
Sweden	115	108
Others[3]	559	601
WORLD	80,569	80,995

(1) The workforce mentioned is the active workforce as described in the Note on Methodology.
(2) On December 31, 2021, the total workforce registered in France was 42,701.
(3) Other countries with fewer than one hundred employees and permanent facilities: Morocco, Malaysia, South Korea, Chile, Argentina, Indonesia, Greece, New Zealand, Algeria, Panama, Dominican Republic, Senegal, Hungary, Vietnam, Cote d'Ivoire, Latvia, Azerbaijan, Turkmenistan, Ukraine, Uzbekistan, Bulgaria, Croatia, Peru, Venezuela, Ethiopia, Kazakhstan, Ireland, Bolivia.

ADDITIONAL SOCIAL INDICATORS

Social indicators as of December 31, 2021	Group	France	Major countries where the Group operates	Other countries where the Group operates
Global workforce[a]	80,995	38,145	22,153	20,697
Female/male workforce (Scope covered: 99.8%) Women[b]	21,637 (26,8%)	9,857 (25.8%)	5 180 (23.5%)	6,600 (32%)
Men	59,235	28,284	16,901	14,050
Workforce by type of contract (%) (Scope covered: 99.8%) Permanent contracts	98%	99%	97%	96%
Full-time contracts	94%	92%	94%	98%
Workforce by age group (%) (Scope covered: 99.8%) < 30	12.3%	11.8%	10.5%	14.9%
30-39	24.9%	21.9%	21.7%	33.9%
40-50	28.1%	29.5%	25.0%	29%
> 50	34.7%	36.8%	42.8%	22.1%
Departures (Scope covered: 100%) Number of departures	8,133	2,669	2,721	2,743
Layoffs (%)[c]	16.5%	10.9%	19.7%	18.8%
Recruitments (Scope covered: 100%) Total number of recruitments	10,338	3,916	2,828	3,394
% of women[d]	33.0%	32.4%	23.6%	42.0%
Turnover (%)	5.3	2.3	7.7	9.0
Training (Scope covered: 94.4%) Average number of training hours per employee	12	12	13	11
Collective agreement (Scope covered: 93.6%) Employees covered by a collective agreement (%)	76%	100%	45%	60%
Health and safety indicators Absenteeism rate (%)	3.0%	3.0%	4.1%	1.8%
Severity rate of accidents at work	0.03			
Frequency rate of accidents at work	1.47			
Disability Employment rate of people with disabilities[e]	N/A	6.36%	N/A	N/A

(a) The employees mentioned are active employees as defined in the Note on Methodology.
(b) Percentage calculated on the basis of the number of employees recruited who have stated their gender.
(c) Percentage including departures from contractual termination.
(d) Percentage calculated on the basis of the number of employees recruited who have stated their gender.
(e) Rate determined on 12/31/2020 and declared under the DOETH 2021



5. AN ORGANIZATION THAT IS PROACTIVE TOWARDS ITS STAKEHOLDERS

5.1 SAFETY OF PRODUCTS AND SERVICES IN THE AVIATION AND RAIL TRAVEL SECTORS

Whether in the defense, air travel, rail travel, space or digital identity and security solutions sector, the Group pays constant attention to the quality and safety of the products and solutions offered to its customers.

Thales thereby ensures that it designs and implements safe and reliable solutions that contribute to protecting people, goods and the environment throughout their life cycle, from their creation to their withdrawal.

For this purpose, in its operations Thales has set up structures dedicated to the quality and safety of products, independent of engineering services responsible for the design, manufacture and maintenance of its products and services. Their main task is to ensure the preservation of stringent requirements for quality and safety all along the value chain.

5.1.1 AVIATION SAFETY: AN APPROACH INVOLVING THE WHOLE VALUE CHAIN

Thales contributes to aviation safety in two areas, namely avionics and air traffic management.

In the avionics sector, Thales is responsible for designing, manufacturing and maintaining flight systems that are crucial for aviation safety. Thales also provides services that contribute to flight safety to civil and military air operators.

In the area of air traffic management, Thales offers more ecological, more efficient and safer solutions by designing, manufacturing and maintaining air traffic management systems, monitoring equipment and navigational aids.

To carry out these activities, Thales has demonstrated its capabilities and validated its procedures to obtain the essential certifications issued by the competent civil and military authorities on the basis of the following regulations: Design (EU Part21 Subpart O, FRA21 O and Z), Manufacturing (EU Part21 Subpart G, FRA21), Maintenance (EU, US, China Part145), Database (EU Part DAT). These certifications are monitored internally by the quality department and externally by the competent administrative and regulatory authorities.

The products designed by Thales are certified either in the context of certification according to the type of aircraft (which is the responsibility of the aircraft manufacturer) or by the country authority, either directly by EASA[1] or the French Defense Procurement Agency (DGA)[2] when general equipment certification is required.

(1) EASA: European Union Aviation Safety Agency.
(2) DGA: French Defense Procurement Agency).

Air traffic management products designed by Thales meet the requirements set by civil and military air navigation service providers as well as the European interoperability regulations ((CE) 2018/1139).

During the certification process, products and solutions developed by Thales have to meet the certification regulations set for the aircraft that apply to its onboard systems and equipment. These regulations have also recently started to govern protection against cybersecurity threats where that impacts safety.

To ensure compliance of electronic and logistical materials to EASA requirements, a Design Assurance Level (DAL) is applied according to their level of critical importance. There are five DAL levels, DAL A being the most stringent. The process of safety analysis and allocation of the DAL is done at the system level according to the principles of the L ED79/ARP4754 and ED135/ARP4761 standards. The implementation of these DALs at the level of each device is specified by the ED80/DO254 standards for electronic materials and ED12/DO178 for logistics.

For air traffic management, demonstration of compliance is also based on the safety analyses that are carried out in accordance with methods recognized internationally by air navigation services (Safety Assessment Methodology of Eurocontrol or MIL-STD-882E of the United States Department of Defense.

As a major played in aeronautics and air traffic management, Thales, along with other aeronautical manufacturers, is also involved in regulatory activities carried out by the civil and military aviation authorities (EASA in Europe, FAA[1] in the United States, DGAC[2] and DGA in France) but also in standardization activities within organizations such as EUROCAE[3], RTCA[4] or SAE[5] .

In addition, in order to develop a culture of safety at all levels and to make air safety the top priority of all employees, the Group's aeronautical entities have implemented a global safety management system (SMS). Thales's managing team for the Avionics segment is personally committed to implementing and upholding this safety policy.

Finally, in its desire to create an environment of trust encouraging each person to take responsibility for safety issues, the Group guarantees that it will protect against disciplinary measures any person who freely and immediately reports any violation of the rules and procedures related to safety that Thales would have committed involuntarily. An email address is available to all internal and external employees for this purpose, allowing them to report any event likely to have an impact on flight safety.

" THALES'S MANAGING TEAM FOR THE AVIONICS SEGMENT IS PERSONALLY COMMITTED TO IMPLEMENTING AND UPHOLDING THIS SAFETY POLICY. "

This culture of safety extends to the entire aeronautical industrial chain; as proof, the signing of a safety charter with Airbus promises the development of a proactive and transparent culture of communication in the area of safety and a "Fair and Just culture" that encourages employees to report any concerns on this subject immediately.

In terms of organization, special monitoring of activities linked to air safety is provided jointly by the certification department within the technical department and the quality department. In addition, a Safety Review Board, presided over by the Avionics segment Managing Director, periodically reviews the key indicators for product safety and decides on improvements.

More
THAN 1 MILLION
Thales devices are in service in the global fleet of civil and military aircraft, and about 100,000 devices are supplied and mounted on aircraft annually.

Approximately **3,000** air traffic control positions, **10,000** Navaids and 3,000 surveillance equipment deployed in **180** countries.

Worldwide,
TWO OUT OF THREE AIRCRAFT
take off and land using Thales equipment.

About
A HUNDRED
incidents linked to product safety are analyzed and handled annually by Thales.

In 2021, EASA issued **2**
Airworthiness Directives concerning Thales products. In accordance with the requirements of the regulator, these were modified as a result on all relative platforms within the stipulated deadlines.

(1) FAA: Federal Aviation Authority (United States). - (2) DGAC: French Civil Aviation Authority). - (3) EUROCAE: European Organization for Civil Aviation Equipment.
(4) RTCA: Radio Technical Commission for Aeronautics. - (5) SAE: Society of Automotive Engineers.

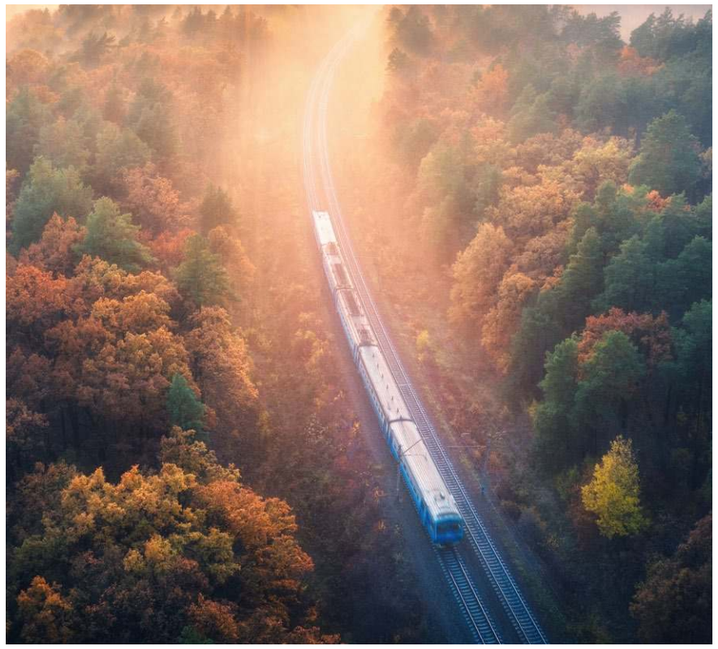
5.1.2 RAIL SAFETY: A STRINGENT APPROACH BASED ON A STRUCTURED ORGANIZATION

Thales's rail businesses (main lines and urban transport) involve a rigorous and proven quality approach throughout their design and implementation.

All generic and customized products for each project, as well as Thales's services in this sector, meet the European (CENELEC) or American (AREMA) standards criteria for safety, quality assurance, certification, operational readiness and design.

In terms of structure, Thales has set up a Global Safety Council presided over by the Technical Safety director of the Ground Transportation Systems segment. It meets twice a year and carries out three main tasks:

- specification and follow-up of the implementation of instructions that define the structure of the Technical Safety department within the Ground Transportation Systems segment. This ensures that the policies specified and goals set in this area are implemented well;
- in conjunction with engineering, implementation of a common model for maturity levels of technical safety to fulfill and maintain the desired safety requirements for operations;
- specification and implementation of crisis management principles and procedures to be adopted in the event of technical, product or operational safety incidents. All incidents are managed through a secure and dedicated incident management server that contains all the relevant information required to enable active follow-up in real time.



This committee involves some twenty Safety Authorities distributed around the world, bringing together the Group rail transport safety experts to ensure ongoing sharing of knowledge, to review investigations and conclusions of any incidents, to discuss the experience gained and to implement corrective measures, to improve the development of a safety culture in units and, finally, to establish common methods aiming to boost safety.
The Safety Authorities work with independent accredited experts and national certification bodies to confirm compliance of Thales's products and solutions before their commercial service begins.
The Group's safety approach aims to support operations and engineering in establishing a safety management system that integrates a safety culture in which all employees are encouraged to contribute to maintaining and developing safety while guaranteeing confidentiality.
Finally, along with other major players in the sector, Thales participates in several technical task forces of CENELEC[1], the European organization that engages in the development of European standards.

"THALES'S RAIL BUSINESSES INVOLVE A RIGOROUS AND PROVEN QUALITY APPROACH THROUGHOUT THEIR DESIGN AND IMPLEMENTATION."

(1) CENELEC: European Electrotechnical Committee for Standardization.

CORPORATE RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE

5.2 VIGILANCE PLAN

Law No. 2017-399 of March 27, 2017 relative to the duty of care of parent and of out sourcing companies, requires the establishment and effective implementation of a vigilance plan. The plan includes "reasonable vigilance measures to identify risks and prevent serious violations of Human Rights and fundamental freedoms, the health and safety of individuals and the environment, resulting from the activities of the Company and those of the companies it directly or indirectly controls, as well as from the activities of subcontractors or suppliers with whom it has an established business relationship, when these activities are related to that relationship".
Article L.225-104-1 paragraph 4 of the French Commercial Code requires that the vigilance measures imposed are consolidated in this vigilance plan, including:

1. A RISK MAP TO IDENTIFY, ANALYZE AND RANK RISKS (SEE SECTION 5.2.2);
2. PROCEDURES TO REGULARLY ASSESS, IN ACCORDANCE WITH THE RISK MAP, THE SITUATION OF SUBSIDIARIES, SUBCONTRACTORS OR SUPPLIERS WITH WHOM THE COMPANY MAINTAINS AN ESTABLISHED COMMERCIAL RELATIONSHIP (SEE SECTION 5.2.3);
3. APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS VIOLATIONS (SEE SECTION 5.2.4);
4. AN ALERT MECHANISM FOR COLLECTING REPORTS OF EXISTING OR ACTUAL RISKS (SEE SECTION 5.2.5);
5. A SYSTEM FOR MONITORING THE MEASURES IMPLEMENTED AND ASSESSING THEIR EFFECTIVENESS (SEE SECTION 5.2.6).

5.2.1 GOVERNANCE OF THE VIGILANCE PLAN

The Group's vigilance plan is defined by the Ethics, Integrity and Corporate Responsibility Department within the Group Secretary & General Counsel's office, which coordinates implementation with the involvement of the Human Resources Department, the Hygiene, Health, Safety and Environment department, the Purchasing Department, the Audit, Risks and Internal Control department, the Legal and Contracts department and the Investor Relations Department.

5.2.2 MAPPING OF RISKS UNDER THE DUTY OF CARE

5.2.2.1 RISK IDENTIFICATION

Identification of the risks related to the Duty of Care involves risks likely to cause severe violations of:

- Human Rights (child labor, forced labor or illegal employment, wages below the statutory minimums, sexual harassment and/or violence at the workplace, non-respect of International Labor Organization rules of the maximum number of working hours and/or rest, non-respect of equal treatment at work, non-respect of employees' privacy);
- the health and safety of people (lack of prevention and follow-up of serious accidents at work, lack of an emergency policy in the event of accidents at work, lack of policy and follow-up regarding health and safety at the workplace);
- the environment (significant pollution due to industrial activities, including greenhouse gas emissions, non-respect of regulations regarding hazardous materials).

This risk survey is the result of deliberations within the internal multidisciplinary task force driven by the Ethics, Integrity and Corporate Responsibility Department.
This survey is also based on the work carried out within trade and industry associations of which Thales is a member (GIFAS, EDH, Medef, etc.) and involves various external stakeholders (governments, NGOs, labor unions, etc.) that complement the Group's deliberations and analyses with their experience.

" THIS RISK SURVEY IS THE RESULT OF DELIBERATIONS WITHIN THE INTERNAL MULTIDISCIPLINARY "

5.2.2.2 HIERARCHY OF RISKS

The ranking of risks related to the Duty of Care is reviewed during the work carried out to create the materiality matrix (see Chapter 5.7.2 URD 2021) and draft Thales's Non-Financial Performance Statement (see chapter 2).
At the level of suppliers and subcontractors, the analysis and ranking of risks related to the Duty of Care are based on three criteria: the type of purchase made, the country where the supplier or subcontractor operates, and the amount that Thales undertakes to purchase from that supplier or subcontractor.
Thales manages a large portfolio of suppliers approved for the purchasing segments, which are themselves broken down into purchasing categories, the latter then being subdivided into Technical Purchasing Codes (CTAs). Each approved supplier gets involved in one or more CTAs depending on its area of activities; the CTA is the smallest unit of purchasing segmentation and therefore the most accurate to describe the type of purchase in question.
Each CTA is subject to a review by the Purchasing Department, the DEIRE (Ethics, Integrity and Corporate Responsibility Department), the DARCI (Audit, Risks and Internal Control Department) and the Hygiene, Health, Safety and Environment Department in order to identify the CTAs whose activities are most exposed to risks (e.g. activities that cause pollution or are dangerous to health and the environment, construction work, etc.).
Following the development of the Group's purchasing segmentation in 2021 and to cover all the activities identified, the risk assessment enabled 19 CTAs concerning the following purchases to be identified as being at risk:

- **MACHINING, SMELTING, SHEET METAL WORKING;**
- **MANUFACTURE OF MECHANICAL SUB-ASSEMBLIES;**
- **ADHESIVES, SOLVENTS, PAINT, ACIDS, ALCOHOLS, RESINS, OILS…;**
- **SURFACE TREATMENTS;**
- **PRINTED CIRCUIT BOARDS;**
- **COMPONENTS;**
- **INSTALLATION AND CIVIL ENGINEERING WORKS;**
- **MUNITIONS.**

The countries where the suppliers and subcontractors operate and the amount of Thales's commitments to these suppliers and subcontractors are also taken into account to assess their level of risk related to the Duty of Care.
With this in mind, the use of three external benchmarks, the Environmental Performance Index (EPI), the International Trade Union Confederation (ITUC), and the Global Slavery Index, has led to 25 "at risk" countries in which Thales is present being identified.
A high level of risk is attributed to suppliers and subcontractors who are in both a high-risk country and a high-risk CTA.
A moderate level of risk is attributed to suppliers and subcontractors who are in either a high-risk country or a high-risk CTA.
On this basis, a set of prevention measures has been defined in proportion to the level of risk associated with each case.
The lists of CTAs and countries at risk may be revised depending on the Group's changing needs and updates to the external benchmarks used by Thales.

5.2.3 PROCEDURES FOR REGULAR ASSESSMENT REGARDING RISK MAPPING

5.2.3.1 PROCEDURES FOR REGULAR ASSESSMENT OF THE SITUATION OF SUBSIDIARIES

Each year, all Group subsidiaries and entities are assessed through an internal control questionnaire, the Yearly Attestation Letter (YAL), sent by the Audit, Risks and Internal Control Department (DARCI) to the Group's operational entities (153 questionnaires sent during the 2021 campaign). Details of this procedure are given in paragraph 3.4.1. URD 2021.
Since the introduction of Act no. 2017-399 of March 27, 2017 on to the Corporate Duty of Care, control points from the YAL have been completed to cover the issues raised by this law:

- 2 control points concerning the protection of Human Rights and prevention of discrimination at work;
- 5 control points concerning employee health and safety aspects and protection of the environment, both on the Group's premises and at work sites.

" EACH YEAR, ALL GROUP SUBSIDIARIES AND ENTITIES ARE ASSESSED THROUGH AN INTERNAL CONTROL QUESTIONNAIRE. "

5.2.3.2 PROCEDURES FOR REGULAR ASSESSMENT OF THE SITUATION OF SUPPLIERS OR SUBCON-TRACTORS WITH WHICH AN ESTABLISHED COMMERCIAL RELATIONSHIP IS MAINTAINED

The procedures for regular assessment of the situation of suppliers and subcontractors under the Duty of Care, along with the procedures for assessing their integrity, are part of the compliance policy of the Group's Purchasing sector.
All suppliers and subcontractors of Thales are obliged to sign the Partners' and Suppliers' Integrity and Corporate Responsibility Charter at the qualification phase before entering into any relationship. This charter, the terms of which were revised in 2019, particularly on the basis of the Code of Conduct of the International Forum on Business Ethical Conduct (IFBEC), includes specific commitments expected of Thales's suppliers and subcontractors concerning Human Rights (particularly child labor, forced labor or illegal employment, wages below the legal minimums, sexual harassment and/or workplace violence, non-respect of the rules of the International Labor Organization…), environmental protection (significant pollution due to industrial activities, non-respect of regulations on hazardous substances…) and the health and safety of people (lack of prevention and monitoring of serious accidents at work, lack of emergency policy in case of accidents at work, lack of policy and monitoring of health and safety at the workplace…).
The number of new suppliers who signed this charter is measured by an indicator described in Chapter 5.7.5.1.1. URD 2021.
In addition, since the entry into force of Act no. 2017-399 of March 27, 2017 on the Corporate Duty of Care, when a supplier or subcontractor signs a purchase agreement or accepts an order from Thales, it undertakes to respect the specific contractual clauses linked to "Integrity and Corporate Responsibility" and to "Compliance with provisions concerning the environment and prevention of safety risks", including provisions targeting the areas subject to the Duty of Care.
This general provision, which concerns all suppliers, is supplemented by additional prevention measures for suppliers and subcontractors identified as being at risk according to the three criteria described in the preceding Chapter 5.2.2.

Additional assessment measures

Specific tools enable Thales to extract from its supplier database suppliers considered to be high risk and moderate risk according to the criteria defined above.

Thales can then call on the support of a third-party specialist in supplier risk management to subject its at risk suppliers to a detailed assessment process that takes place in three phases.

- Phase 1:

Registration of at risk suppliers at risk on a dedicated platform at Thales, either in batches or individually.
Allocation of an Inherent Risk Index score (IR score) to each supplier depending on the country where it operates according to the ratings of four external benchmarks:

- World Bank – Worldwide Governance Indicators (WGI)),
- The United Nations Human Development Index (HDI),
- Transparency International Corruption Perceptions Index (CPI),
- US State Department Human Trafficking report.

- Phase 2:

Information from the supplier through a self-assessment questionnaire (SAQ), which results in an SAQ score out of 100, 100 being the best score.
The supplier must answer all the questions and provide supporting documents to give details of the answers that it provides during this assessment phase. These documents are obligatory and their accuracy is verified by the third-party organization in charge of the assessment process.
Checking by the third-party organization for consistency of the supplier's answers with the supporting documents submitted results in the allocation of a revised score, "DV score" (Desk Verification).

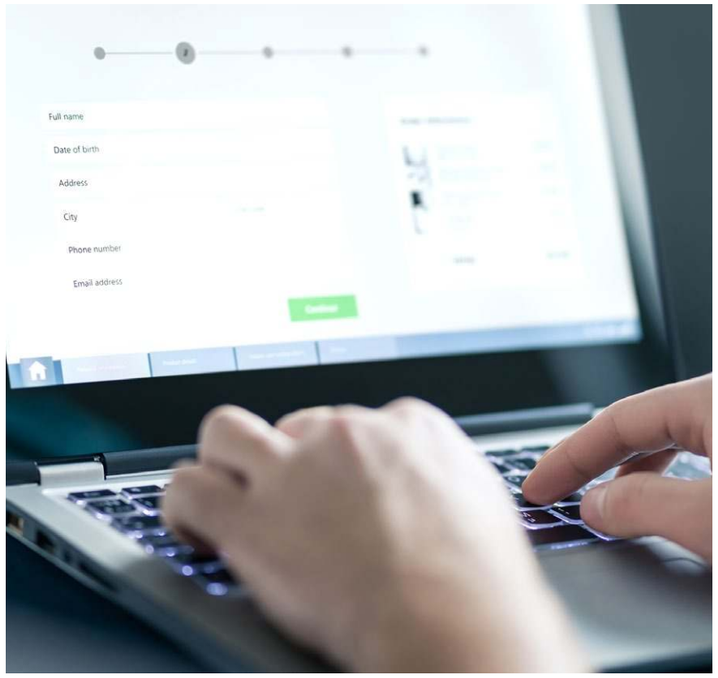
Description of the detailed self-assessment questionnaire (SAQ)

This questionnaire, composed of about a hundred items, was prepared in conjunction with the International Aerospace Environmental Group (IAEG) and the French Aerospace Industries Association (GIFAS). Its purpose is to assess the policies and actions implemented by the supplier concerning Human Rights, protection of fundamental freedoms, the health and safety of people as well as the environment.

The structure of this questionnaire and the associated rating system for each answer contribute to the assessment of the supplier's maturity in each of the areas and enables the identification of weak points to be analyzed that could potentially become risk factors.

Implementation of this assessment process for suppliers requires extensive work on the part of Thales's experts and its partners. To facilitate this process, Thales carries out an important educational campaign for its suppliers and subcontractors.

A user guide for the procedure developed by Thales has been written and made available to the Group's buyers. Awareness-raising sessions are organized regularly to explain the assessment process and address the questions of buyers from all purchasing segments and geographic areas. Support is provided by the Group's Purchasing Department to advise buyers and facilitate execution of the process.



5.2.4 APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS VIOLATIONS

5.2.4.1 APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS VIOLATIONS ADAPTED FOR SUBSIDIARIES

All the Group's subsidiaries and entities are required to implement the Group's process reference system, Chorus 2.0. This is a unified set of management processes that defines the way in which Thales works: its rules, practices and modes of operation. It covers all the Group's operational activities, including Human Resources, Health, Safety and the Environment.

" THE GROUP'S SOCIAL POLICY IS BASED ON A SOCIAL DIALOG AS WELL AS A POLICY OF DIVERSITY AND INCLUSION . "

The internal processes and associated policies implemented by Thales in the areas subject to the Duty of Care are particularly based on the eight fundamental conventions of the ILO (International Labor Organization):

- Convention no. 87 on freedom of association and protection of the right to organize and Convention no. 98 on the right to organize and collective bargaining;
- Convention no. 29 on forced labor and Convention no. 105 on the abolition of forced labor;
- Convention no. 138 on minimum age and Convention no. 182 on the worst forms of child labor;
- Convention no. 100 on equality of remuneration and Convention no. 111 on discrimination.

The Group's social policy is based on a social dialog (see Chapter 4.1.1) as well as a policy of diversity and inclusion (see Chapter 5.4.2 URD 2021), which contribute to risk prevention.

In terms of health and safety, Thales is committed to providing a safe and healthy working environment for its employees at its own sites and at external work sites. The Group has set a goal of anticipating and preventing these risks, including psychosocial risks, and ensuring conditions of hygiene, health, safety and a high quality of life at work (see Chapter 4.1.1). In addition, almost 82% of employees work at ISO 45001 certified sites (Safety Management System). Likewise, 87% of employees work at ISO 14001 certified sites (Environmental Management System). Finally, at all its sites, Thales carries out health-safety-environment maturity audits, the results of which are reviewed annually through the Yearly Attestation Letter (see section 3.4.1 URD 2021).

In terms of the environment, the Group has also set ambitious performance targets since 2007. These targets were reiterated by the Group's Executive Committee in 2021 and made public at the ESG Investor Day which occurred on October 5, 2021. Thales now intends to reduce its greenhouse gas emissions by 50% by 2030 (including Scope 1, Scope 2 and Scope 3 – business trips – compared to 2018 and always in terms of absolute value) and to reach net zero by 2040 (see Chapter 5.5.2.2 URD 2021).

Finally, Thales's Code of Ethics, available on the Group's website and intranet, is systematically communicated to and signed by new employees to make them aware, from their arrival, of the ethical principles that govern the company, including, in particular, those linked to the strict compliance with Human Rights, rules aiming to guarantee the health and safety of employees, as well as the Group's environmental commitments.

5.2.4.2 APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS VIOLATIONS FOR SUPPLI-ERS AND SUBCONTRACTORS

At the end of the detailed assessment process for suppliers and subcontractors described in Chapter 5.2.3.2 above, measures to mitigate and prevent risks are implemented depending on the DV (Desk Verification) score obtained by the supplier according to the information of the SAQ and its verification. These prevention measures are applied according to the following scale, defined on three levels, the best score being 100:

- if the DV score is greater than 50: the risk is low, there are no additional measures and the supplier will be re-assessed in three years, except in the event of an alert;
- if the DV score is between 30 and 50: the risk is moderate, so a corrective action plan is proposed by the third-party organization at Thales's request;
- if the DV score is less than or equal to 30: the risk is high, so an audit at the supplier's site may be carried out by the third-party organization at Thales's request.

If the supplier or subcontractor does not take appropriate steps to carry out the corrective measures required or if it refuses to take part in the process, Thales may decide, depending on the case, either not to select it during the bidding process, or not to continue the commercial relationship.

IN 2021, FOR THIS REASON, THALES TERMINATED THE COMMERCIAL RELATIONSHIP WITH MORE THAN APPROVED THIRTY SUPPLIERS OR SUBCONTRACTORS.

FOCUS: SERVICE PROVISION IN WORK AND SECURITY ENVIRONMENTS, COPERNIC.

Concerning provision of services at work environments at all its sites in France, maintenance of equipment of buildings and provision of services to the occupants, Thales has set up a global contract which entrusts all its services to a single partner.

The 17 globalized services involve 70 Thales sites in France for a real estate footprint of million mê and 45,000 occupants, or about 60% of Thales's global real estate. They are carried out by almost 1,300 staff.

This mode of operation enables a centralized and global management, which reduces the number of contacts thanks to a single governance source and enables a pattern of co-construction of service performance between Thales and its supplier. The same model is also applied to all security services at Thales sites in France.

This choice offers better management of the risks to which the staff could be exposed, in particular concerning cleaning services and multi-technical maintenance services, by monitoring the terms of remuneration of these employees and their involvement in site prevention plans.

In terms of the environment, this approach secures waste treatment by using recognized national service providers that offer complete traceability of their treatment and recycling.

The global contract of services at work environments includes an incentive to employ people from the adapted and protected work sector, thus enabling the integration of more than fifteen people with disabilities into the on-site teams each year.

This approach was able to demonstrate all its efficiency and resilience during the Covid-19 health crisis. It enabled the rapid implementation of health protocols for both the employees and the service providers and the reopening of production sites under the best possible conditions.

The contract is complemented by an energy performance contract that has enabled the tertiary energy consumption to be reduced by 20% since its implementation in 2019.

5.2.5 MECHANISM FOR ALERTS AND COLLECTION OF REPORTS RELATING TO THE EX-ISTENCE OR CREATION OF RISKS

In 2019, Thales reviewed its professional alert system to extend its scope of application to internal or external reports under Act no. 2016/1691 of December 9, 2016, on transparency, the fight against corruption and economic modernization as well as Act no. 2017-399 of March 27, 2017, on the Corporate Duty of Care.
In 2021, the Group alert system received 44 professional alerts (compared to 25 alerts in 2020) of which 27 were considered valid. Of the 27 alerts, 3 fell under Act no. 2017-399 of March 27, 2017 on the Corporate Duty of Care and principally concerned health and safety issues at the workplace.

44
professional alerts of which 27 were considered valid.

5.2.6 SYSTEM FOR MONITORING THE MEASURES IMPLEMENTED AND ASSESSMENT OF THEIR EFFECTIVENESS

" IN ADDITION, AT THE END OF 2021, THALES SET UP A NEW CSR DEPARTMENT UNDER THE RESPONSIBILITY OF A CHIEF SUSTAINABILITY OFFICER REPORTING TO THE GROUP'S SECRETARY & GENERAL COUNSEL OFFICE . "

The vigilance plan measures are monitored particularly through reporting and indicators described in chapter 5.3, especially: frequency and severity rates of accidents at work, percentage of employees working at OHSAS 18001 or ISO 45001 and 14001 certified sites, the percentage of new suppliers committed to the principles of Thales's new Integrity and Corporate Responsibility Charter (67% in 2020), the percentage of suppliers assessed among those considered "at risk" according to the Duty of Care mapping (24% in 2020) and the changes in alerts received via the Group's alert system in 2020 (25 in 2020 compared to 34 in 2019).
In addition, at the end of 2021, Thales set up a new CSR Department under the responsibility of a Chief Sustainability Officer reporting to the Group's Secretary & General Counsel office (see chapter 5.1). This department complements the CSR Committee implemented in October 2020, whose role is to ensure better control of commitments and actions in favor of responsible and sustainable development and to reinforce the Group's social contribution.

5.3 THALES'S COMMITMENTS TO CIVIL SOCIETY

Launched at the end of 2019, the Thales Solidarity program continued its roll-out in 2021 by supporting partner associations in some dozen countries, thanks to its dedicated charitable fund, the commitment of its employees and the local involvement of the Group's entities.

5.3.1 ROLL-OUT OF THE THALES SOLIDARITY PROGRAM

Continuing the actions taken by the Thales Foundation from 2014 to 2019, Thales's social commitment strategy aims to coordinate the Group's outreach initiatives concerning areas of focus and common criteria and to increase its social impact by mobilizing internal resources and networks to achieve common goals. This development is aimed at continuing the actions of the Thales Foundation after 5 years of significant achievements.

This strategy is organized under the banner of the Thales Solidarity program and supports a social mission aligned with the Group's purpose: because trust is essential to the development of companies, innovation must be open to the greatest number of people. Thales undertakes to benefit civil society through its expertise and talents to enable each person to be a player today for the decisive transformations of tomorrow.

In this context, the outreach initiatives supported across the Group fall under 3 commitment priorities by putting technology and innovation at the service of education and professional integration, digital citizenship, and environmental protection.

These themes reflect Thales's CSR strategy: "Building a future we can all trust, for a safer world that is more respectful of the environment and more inclusive". The Thales Solidarity program enables the Group's CSR commitments to be extended for the benefit of the public interest and civil society.

A commitment rolled out across the Group

The Thales Solidarity Charitable Fund is one of the pillars of the program and a tool for financing and supporting projects and outreach initiatives. It guarantees the soundness of projects and proper use of funds.

Thales's entities – sites, countries, Global Business Units – support and implement local outreach actions or in their fields to reinforce the social impact in the communities where the Group is present. These actions must progressively be aligned with the 3 commitment priorities and the program's common criteria, and are validated in accordance with the Group's Patronage and Sponsoring policy.

The Thales Solidarity program is based on a network of 17 delegates responsible for its implementation and promotion in the Global Business Units and Countries, as well as a community of local ambassadors at the Group sites.

A commitment platform, set up with the social outreach company, MicroDON, aims to facilitate employee outreach initiatives throughout the year: on this site, they can propose projects, sign up for volunteer missions that are regularly put online or join the "Arrondi sur salaire" operation in France.

In 2021, the Charitable Fund selected

14 PROJECTS

in 8 countries,
half of which were in France.

5.3.2 PROJECTS SUPPORTED BY THE THALES SOLIDARITY CHARITABLE FUND

The goal of the Thales Solidarity fund is to contribute to creating responsible, accessible and useful innovations for all, with those who are preparing the critical social transformations of the future. To do this, the Fund aims to open up and share the Group's capacity for innovation, expertise and talents to act on the 3 public interest topics defined in the Group's program: education and professional integration, digital citizenship and protection of the environment.

In 2021, the Charitable Fund selected 14 projects in 8 countries, half of which were in France.

5.3.2.1 PROJECTS SPONSORED BY EMPLOYEES

The annual call for projects by the Thales Solidarity Fund aims to support and promote the commitment of employees by financially supporting public interest initiatives in which they are involved and that fall within one of the Fund's key areas of focus.

DURING 2021, 21 PROJECTS (SELECTED DURING THE 2020 AND 2021 CALLS FOR PROJECTS) WERE ROLLED OUT BY PARTNER ASSOCIATIONS.

Despite some delays in implementing actions and constraints linked to the pandemic around the world, the associations and project sponsors were able to demonstrate innovation and adaptation, and the number of beneficiaries expected was achieved.

The 11 projects selected in 2020 affected 1,700 beneficiaries, of which 2/3 of the young people were able to develop digital skills, learn about responsible use of technology or access digital tools for their academic success. Seven of these projects were completed, and four others will conclude their operations in 2022. A total of some twenty employees participated in these projects.

Ten new winning projects were launched mid-year and targeted 1,500 children and adults during 2021-22 in France, Brazil, Mexico, United States, United Kingdom, Turkey and Vietnam. For example:

- two projects to introduce young people to digital manufacturing in Belfast with Farset Labs and in Occitania with Planète Sciences will raise awareness of opportunities in the technology sector among nearly 150 young people, helping them to overcome stereotypes that may hold them back in their choice of career path;
- in Brazil, the disruptive training model of the Laboratoria association is working towards a more inclusive digital economy: 50 low-income women will be supported to develop their technical and professional skills and facilitate their integration into the tech industry;
- to promote distance learning for vulnerable populations in Turkey, the Yuva association designed a digital literacy manual and trained 24 social educators in 8 provinces who will pass on these skills to 120 other teachers and more widely to students;
- deployed by the Association Eco-citoyens de la Vallée de l'Huveaune in France, two connected educational beehives will feed participatory research by collecting data, and to raise awareness of 350 students about the role and protection of pollinators through an interactive platform accessible to teachers.

CORPORATE RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE

5.3.2.2 PILOT PROGRAMS

The Endowment Fund also supports programs with a greater social impact to experiment with solutions and provide long-term support to public interest actors in scaling up their actions or achieving systemic change. Co-constructed with innovative and recognized actors in each field, these programs contribute to improving the understanding of societal needs in each area.

In 2021, 3 partnerships were monitored and extended in France and 2 new ones were launched at the end of the year. The aim of these programs is to promote the development of digital and technological skills and practices in order to enable the target audiences to participate and better orient themselves in tomorrow's world.

In 2021,

3 PARTNERSHIPS
were monitored and extended in France and 2 new ones were launched at the end of the year.

In the area of **science and technology education**, the Fund continued its long-standing collaboration on the Savanturiers-ßcole de la Recherche program, which allows primary and secondary school students to conduct a research project in collaboration with a scientific expert. Since 2015, Thales has been supporting and helping to spread this learning program, which has already involved more than 4,000 students and teachers and around 100 Thales volunteers. For the 2021-22 school year, an educational program, designed by a multi-disciplinary team of young Thales engineers, aims to introduce nearly 500 middle and high school students to scientific issues and methods, and to encourage them to discover the technology sector. It deals with different aspects of the digital science and science and technology curriculum around the question "How do I pilot my robot on Mars from Earth?".

The Thales Solidarity Fund also promotes **digital inclusion** by supporting the Défi Insertion project run by the We Tech Care association since 2020. It aims to empower employees to acquire the minimum digital skills necessary for their social and professional integration, by offering them tools and training; but also by raising awareness and helping professionals working in integration structures to better integrate digital opportunities for their beneficiaries. In 2021, the pilot program trained 416 people, including 270 counselors from economic integration structures in 3 regions (Occitania, Hauts de France and Grand-Est). The renewal of the partnership will make it possible to enhance the system by offering new tools and a hybrid training program that will foster the autonomy of 500 employees in the field of social integration by 2022 through 50 structures throughout France.

Through its partnership with the Latitudes association, the Thales Solidarity Fund wishes to encourage the **responsible use of technology** to serve the public interest. Convinced that technological innovation has a role to play in addressing social and environmental issues, Latitudes develops awareness and engagement programs for students and professionals, and offers public interest actors digital support and innovative technology to increase their impact. The Fund's support makes it possible to strengthen the system and the rollout of this support through a web platform, the management of an active community of structures and volunteers and access to resources. Since 2020, more than 700 structures have registered on the platform. The goal is to increase the number of support services provided from 200 to 350 by the end of 2022.

To promote informed **digital citizenship** among young people, the Fund has selected the Born Social program, operated by The Cube Fund. It aims to make active and responsible the use of social media, by supporting young people in building a campaign to raise awareness of fake news and in discovering different careers in the digital sector. The program includes 10 hours of classroom workshops with 3 objectives: to open the debate on the challenges posed by information on social networks through digital art and the intervention of Thales experts on their professions; to imagine solutions to avoid fake news; and to raise awareness among other young people about fact checking. The workshops are scheduled to be rolled out in 2022 throughout the Ile-de-France region, targeting 300 young people aged 9 to 15 from the QPV (Quartiers Prioritaires de la Politique de la Ville) and 10 teachers.

Finally, the Fund collaborated with a team from the learningandculture@Thales department to design the Thales Digital Women Fellowship program, in partnership with the Polaris association in Senegal. This pilot project aims to support young women from disadvantaged areas in **achieving socio-professional integration through the acquisition of professional digital skills** and to make them ambassadors in the digital acculturation of the younger members of their community. Launched at the end of 2021, the 7-month pilot will be conducted in Dakar and will offer 50 selected candidates a 4-stage training program covering professions that meet the demand of the local market and that is based on Thales' educational expertise in the development of digital skills.

"THROUGH ITS PARTNERSHIP WITH THE LATITUDES ASSOCIATION, THE THALES SOLIDARITY FUND WISHES TO ENCOURAGE THE RESPONSIBLE USE OF TECHNOLOGY TO SERVE THE PUBLIC INTEREST."

5.3.3 EMPLOYEE ENGAGEMENT FACILITATED BY A DIGITAL PLATFORM

Thales employees have the opportunity to get involved in serving the public interest through the Thales Solidarity Fund's call for projects, volunteer missions and activities, and through the "Salary Rounding" program in France. Since 2020, this commitment has been made easier by an online platform where the various opportunities to get involved are presented and updated regularly. At the end of 2021, 7,600 employees were registered on the platform, more than 80 volunteer activities had been published and more than 300 employees had applied for an assignment through this platform (mainly in France).

At the end of 2021,

7,600
employees were registered on the platform

5.3.3.1 IN 2021, THREE MAIN FORMS OF VOLUNTEER ENGAGEMENT EMERGED

- **Collective commitment to responsible tech that serves the public interest.** In France, more than 80 employees took part in projects or workshops, often in groups, using technology to serve the public interest:
  - the "Tech for Good" course organized by the Latitudes association raises awareness of the social and environmental challenges of technology and suggests courses of action;
  - the Digital Collage workshops are a fun and collaborative way to understand and learn about the environmental challenges of digital technology;
  - a solidarity Hackathon engaged volunteer employees in the challenge set by the We Tech Care association.
- **Mentoring of underprivileged young people, job seekers, women undergoing retraining.** In France, around one hundred employees have decided to take on projects involving tutoring and STEM education, and helping students and the unemployed find jobs. In Brazil, 45 employees taught administrative and technical courses throughout the year to young students as part of the Formare project. In the UK, nearly 100 employees are involved in promoting STEM studies to primary and secondary school students and about thirty in the US have participated in a STEM-focused educational program.
- **Local solidarity on Giving Tuesday:** celebrated at Group level for the first time, this worldwide movement dedicated to generosity and solidarity brought together employees from **more than 60 sites in 16 countries** to take part in solidarity activities: collections of food, hygiene products, toys, clothing, books, glasses, etc., for the benefit of underprivileged people, but also meetings with solidarity associations. On this occasion, 1,070 employees took part in an online quiz to test their knowledge about global generosity and the Thales Solidarity program.

"1,070 EMPLOYEES TOOK PART IN AN ONLINE QUIZ TO TEST THEIR KNOWLEDGE ABOUT GLOBAL GENEROSITY."

5.3.3.2 ON-GOING INVOLVEMENT IN ASSOCIATIONS THROUGH SALARY ROUNDING

Launched in May 2016, the payroll-giving program, designed by the social and solidarity enterprise MicroDON, allows each Thales employee in France to support an outreach project, by donating pennies from their salary each month, with an option to make an additional donation of up to 10 euros. 100% of the donations are donated to the associations after being matched by the Group up to the amount of the employees' donations, up to a maximum of 180,000 euros.
At the end of 2021, this innovative solidarity tool had 4,760 micro-donors within the Group's French companies and resulted in 369,700 euros being donated to 8 associations in accordance with employees' choices. The total amount collected over the past 5 years now stands at more than 1,720,000 euros, half of which was contributed by the Group.
In late 2021, a new beneficiary organization was added to this scheme: "Solidarités Nouvelles face au Chômage" is developing an individualized support approach, carried out by more than 2,300 volunteers, to offer human support and find concrete solutions for a return to work for nearly 4,000 people every year. donations will be earmarked starting in 2022.

The total amount collected over the past 5 years now stands at more than

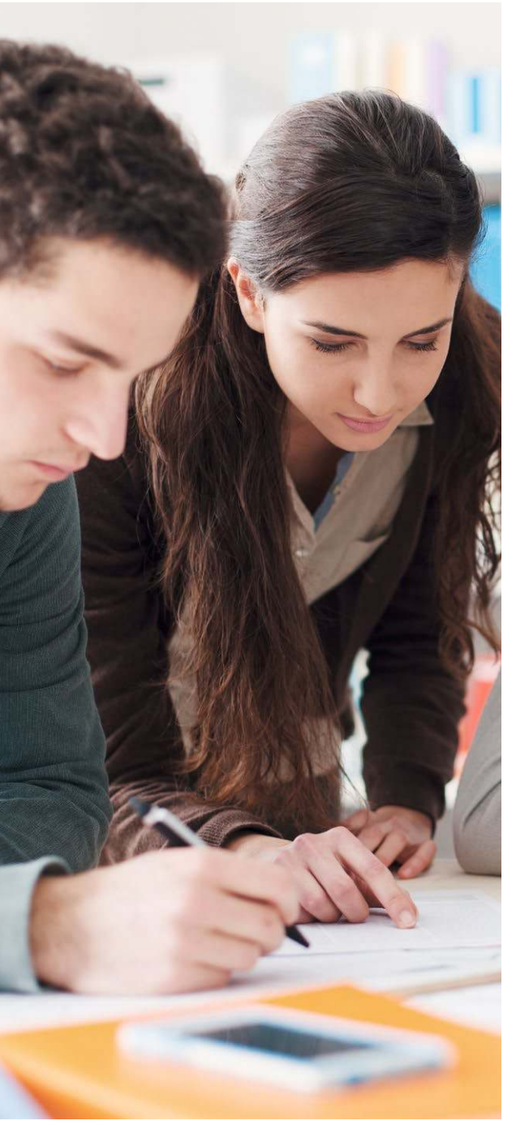
1,720 000€
half of which was contributed by the Group.

Thanks to these funds, the supported associations have continued their work in the face of the consequences of the pandemic, with notable results:

- **Planète Urgence:** 25,400 students were provided with school kits in about 100 schools in Benin, Cameroon, Togo and Madagascar;
- **For a Child's Smile:** 718 young Cambodian students, 43% of whom are girls, benefited from remedial education at the Phnom Penh school, thanks in particular to the implementation of online teaching;
- **Libraries Without Borders:** 354 children and 300 Afghan exiles and refugees in France received bags of books or benefited from access to a library to familiarize themselves with the French language;
- **the Le Cartable Fantastique association:** 1000 teachers and assistants in France were trained in the use of digital tools to promote the inclusion of children with dyspraxia children in school;
- **Télécoms Sans Frontières:** 13,000 vulnerable people and 37 NGOs in 7 countries have benefited from emergency technologies to communicate in a disaster or humanitarian crisis, such as in Germany, Haiti, or Mexico;
- **Cœur de Forêt:** 3,845 trees will be produced in a nursery and planted in the endemic forests of the northeastern region of Madagascar, contributing to the restoration of forest cover but also to the preservation of biodiversity.

5.3.4 ENGAGING WITH LOCAL COMMUNITIES INTERNATIONALLY

The Group's companies have adapted their support to certain local projects and facilitated the involvement of employee volunteers in solidarity initiatives. Several initiatives reinforce Thales's contribution to science, technology, engineering and mathematics (STEM) education and professional integration.



In North America, Thales continued to support the Technovation Challenge, an international competition for girls aged 10 to 18, designed to develop their entrepreneurial skills in the field of technology, with the participation of around 30 Thales employees as mentors or jury members. In support of local communities, toy collections for the Toys for Tots program were organized at Thales sites in Irvine, Melbourne and at the Arlington headquarters. Thales employees in Ottawa raised over $17,000 in donations for the Legion National Foundation, the Ottawa Food Bank and the Movember campaign, while the Thales office in Toronto organized a holiday food drive. Finally, the various Thales sites in Quebec joined forces to support the Centraide/United Way 2021 fundraising campaign and raised $28,418.

Thales in the United Kingdom continued its work to raise awareness of scientific careers among teenagers: despite lockdowns and remote working, 42 teenagers from across the UK were able to take part in a Virtual Work Experience program to gain a better understanding of career opportunities at Thales; as part of National Apprenticeship Week, a LinkedIn Live event was "broadcast" to raise awareness of apprenticeships among young people, recording nearly 46,000 views worldwide. In collaboration with partners such as the Small Piece Trust and Primary Engineers, the Thales STEM program has reached more than 10,000 primary and secondary students. These STEM events fuel their interest in science but also benefit teachers, guidance counselors and parents. The Green Power initiative was launched in Glasgow, in partnership with the Navy, RAF and Rolls Royce. School children from very disadvantaged areas had the opportunity to learn practical skills and work alongside engineers to build a vehicle powered by green energy.

Thales UK has strengthened its commitment to encouraging employees to volunteer with the introduction of a new program that includes a work-time volunteering scheme, the use of the Group's engagement platform to showcase all volunteering opportunities online and the involvement of a dedicated community engagement team. Finally, several solidarity initiatives were conducted, allowing for example 50 employees to dedicate an afternoon in support of two food banks and a therapeutic farm, providing an opportunity to strengthen team spirit.

Finally, the campaign for the British Heart Foundation, chosen as charity of the year, allowed employees to raise £303,900.

In Brazil, Thales, in partnership with the Fundação Iochpe, has deployed "Formare", a vocational training program for young people from disadvantaged backgrounds, based on voluntary work. As a result, throughout Greater São Paulo, 49 employees provided 900 hours of administrative and technical training to 9 young people.

Financial support to Fundaçao Weiss Scarpa contributes to the integration of 300 teenagers from the Curitiba area through professional training.

In Brazil and four other Latin American countries, financial and other donations and the organization of a dozen collections by employees have helped support more than twenty associations, mainly those promoting education for young people and social integration.

In Colombia, Thales is committed to "Programate", a professional training program in programming for young people from disadvantaged backgrounds. As part of this partnership, Thales hosted 60 students for courses on its premises and provided 8 employee mentors.

" IN BRAZIL AND FOUR OTHER LATIN AMERICAN COUNTRIES, FINANCIAL AND OTHER DONATIONS AND THE ORGANIZATION OF A DOZEN COLLECTIONS BY EMPLOYEES HAVE HELPED SUPPORT MORE THAN TWENTY ASSOCIATIONS, MAINLY THOSE PROMOTING EDUCATION FOR YOUNG PEOPLE AND SOCIAL INTEGRATION. "

Thales in India contributed to the French solidarity initiative in response to the Covid-19 pandemic, initiated by the French Embassy and the IFCCI, which consisted of transporting generator-based medical oxygen production units, containers of liquefied oxygen and specialized medical equipment to India. Thales India has also financially supported The Shelter Progetto, an organization that provides underprivileged children with a home, school education, health care support and extracurricular activities like digital literacy and coding among others. On Giving Tuesday, all Thales sites organized collections of essential products (clothing, blankets, shoes, school supplies, etc.) for people who are the most disadvantaged.

In partnership with Indonesia Mengajar, **Thales in Indonesia** committed to improving the quality of education during the Covid-19 pandemic by funding the deployment of 20 "young teachers" in three remote areas of eastern Indonesia, and by providing 7 employees with distance learning. In Singapore, solidarity initiatives have also been organized by Thales to encourage employees to participate together in efforts for supporting the elderly and environmental protection.

5.3.5 SOCIAL CONTRIBUTION THROUGH THE TEACHING AND RESEARCH CHAIRS

Creation of a chair on responsible digital identity

In 2019 Thales joined forces with Télécom ParisTech to create an international research chair dedicated to responsible digital identity based on three lines of research: the study of weak signals around digital identity with a multidisciplinary approach in social and technical sciences, the study of uses and misappropriations by users from diverse cultural, social and demographic backgrounds, and lastly the analysis of acceptability in a user-centric approach.

By participating in this chair, Thales's objective is to contribute to the public discussion as well as to inform its thinking and strategy on these subjects, and thus to contribute to a global and forward-thinking approach beyond the purely technological aspects.

" BY PARTICIPATING IN THIS CHAIR, THALES'S OBJECTIVE IS TO CONTRIBUTE TO THE PUBLIC DISCUSSION AS WELL AS TO INFORM ITS THINKING AND STRATEGY ON THESE SUBJECTS. "

After having carried out initial academic work on the Alicem pilot media controversy, the chair now wishes to broaden the scope of the foresight and contribute to a multi-sectoral perspective.

Major Strategic Issues Chair

Developed under the banner of the Saint Cyr Foundation, in partnership with the University of Paris Sorbonne and the Saint Cyr Military School, the main objective of the Major Contemporary Strategic Issues (GESC) Chair is to raise awareness among students of these educational institutions of current and future geopolitical changes and their consequences on European and French strategic positions. The role of the chair is to facilitate the invitation of French and international experts through the organization of conferences and symposiums. Since the beginning of 2021, these symposiums have been made available live and recorded on social media, thus reaching a very large audience.

Chair of Defense Economics (ECODEF)

Hosted by the IHEDN Endowment Fund and led by a scientific council composed of renowned economists and experts from the French defense procurement agency (DGA) and SGA (French General Secretariat for Administration), the ECODEF Chair aims to study the economic impact of the defense sector through the production of scientific works and the organization of conferences on this subject. The chair has contributed to the Ministry of Armed Forces (MINARM)'s considerations in the recovery plan and the Military Programming law following the health crisis.

Defense and Aerospace Chair

As part of the Fondation Bordeaux Université, the Defense and Aerospace Chair, in which Sciences Po Bordeaux and the University of Bordeaux are working together, is responsible for disseminating research and training on strategic, operational, economic and industrial issues related to defense and aerospace. It develops innovative training programs (creation of introductory, ongoing, and specialized training programs), research (work on conflict between powers and on the defense space), and the dissemination of knowledge (books, conferences, etc.). Its approach is global and integrates the study of conflict situations, national, European and allied security strategies, operational positions and commitments, breakthrough military technologies and the social impact of defense.

5.3.6 OTHER GROUP SOCIAL ACTIONS

For many years, Thales has contributed to the appeal of the regions in which it operates. The Group's territorial policy is based on its in-depth knowledge of these regions, but also on the quality of the partnerships it maintains with economic and social actors, representatives of institutions and local community services.

This policy, outlined in a Group agreement designed to promote professional development and employment through anticipatory initiatives[1], is based on three priorities:

- maintenance and development of skills;
- integration of young people, education and training;
- co-development of the industrial base and open innovation.

It is organized around a central territorial Commission and local commissions and applies in the nine employment areas where the Group operates in France. The Group Anticipation Officer leads and coordinates the "Thales Territoriality" community; local territorial actions are led by a pair of representatives from the HR department and the operational departments.

The brochure "Territoriality – Guide" published in 2018 for all Thales employees and managers provides a concise and practical description of the approach and the actions implemented.

Thales also has a dedicated local economic development company in France, Géris Consultants, which contributes, together with the Consultant, to the implementation of the Group agreement. In this context, Géris Consultants leads the network of 10 Thales Ingénieurs Pour l'École (IPE) (Engineers for Schools), supports employees in their business start-up or takeover projects (74 new projects in 2021) and promotes the professional integration of young people through specific actions.

Geris Consultants also supports the development of skills and the performance of SMEs through the "Pass'Compétences" inter-company solidarity and cooperation scheme, which provides volunteer experts from large companies for 12 to 24 months structuring projects. 47 employee placements have been carried out since 2012, including a new Pass'Compétences in 2021.

In 2021, after having carried out a territorial study for the Thales DIS site in Pont-Audemer, Géris Consultants drew up a map of the skills present at this industrial site in order to have an objective, qualified, and quantified representation of the skills present. This was in order to examine possible avenues for future re-industrialization. The study was conducted cooperatively with site personnel.

In addition, at the request of the OPCO 2i, the UIMM, the GIFAS and the State[2], Géris Consultants have been selected in 2021 to conduct a study to draw up an inventory of relations between large companies and SMEs in the Aeronautic and Space sector on the theme of temporary provision of rare skills as part of the Study of the Development of Jobs and Skills. This study will be completed in the spring of 2022.

Finally, Géris Consultants puts its expertise at the disposal of large companies and local authorities to support SMEs that are creating sustainable industrial jobs in areas affected by industrial site closures. The revitalization projects carried out by Géris Consultants since 2009 have led to the creation of nearly 6,600 jobs in France (including more than 610 in 2021), in more than 1,100 SMEs.

Géris Consultants leads the network of

10 THALES INGÉNIEURS POUR L'ÉCOLE (IPE) (ENGINEERS FOR SCHOOLS)

supports employees in their business start-up or takeover projects

(1) Group agreement to promote professional development and employment through anticipatory measures renewed for the third time on April 24, 2019.
(2) Industry training operator.

6. METHODOLOGY NOTES

6.1 SOCIAL DATA

SOCIAL REPORTING METHOD

The social section of the Universal Registration Document is a key source of information on social data, social policies implemented, practices and actions that are part of the Group's social responsibility, and their impact. It reflects its international dimension. The information in this document presents the situation of the Group as of December 31, 2021.

ORGANIZATION AND METHODOLOGY

In 2021, feedback was provided via the WorkDay digital platform. Country Human Resources Managers were asked to verify that the data in the local payroll systems or in their local WorkDay tool is accurate and up to date beforehand. The information in this Universal Registration Document was then extracted centrally. As some companies are not part of the WorkDay tool, a quantitative and qualitative questionnaire including all the indicators presented in this document is sent to the Human Resources Directors/HR Correspondents of the companies or countries concerned, as applicable.

The country Human Resources Directors of all Group entities are also questioned on the basis of a qualitative and quantitative questionnaire containing indicators which, if they are in line with current legislation, are also based on indicators proposed by the Global Reporting Initiative[1] or negotiated with the social partners, particularly at European level.

All the data was sent to the Group's Human Resources Department for consolidation, where it was checked for consistency and the relevant section of the Universal Registration Document was prepared.

SCOPE

The definition of the companies taken into consideration for the preparation of the Universal Registration Document has not been changed this year and is consistent with the IFRS 10 and 11 financial consolidation standards. The managed workforce reported as of December 31, 2021 therefore includes the workforce of only those companies controlled by Thales pursuant to the provisions of Article L233-3 of the French Commercial Code, as well as companies that meet these criteria but are below the financial consolidation thresholds.

For greater transparency, the social data contained in the Universal Registration Document should be assessed in relation to the scope of the workforce covered by the responses. For each figure, the scope table for the verification of figures mentions the percentage of staff covered.

(1) The Global Reporting Initiative (GRI) is a non-profit organization that develops a common framework for sustainability reporting. Created in 1997, the GRI published the first version of its guidelines in 1999. Compliance with this document by companies is completely voluntary.

DETAILS

- The number of active employees managed in the Universal Registration Document includes all employees in each country, regardless of the nature of their contract (fixed-term or open-ended, full-time or part-time). They do not take into account apprenticeship and vocational training contracts (although the number of contracts concluded in this regard is indicated in the recruitment section), employees on unpaid leave, employees on sick leave (of more than three months), employees on parental leave and employees on notice not working as of December 31 of the year in question.

Since the financial year 2019, employees on maternity leave as well as employees whose last day of work was December 31 of the year in question have been included in the active workforce.

The total number of new hires includes work-study contracts signed in 2021, but does not include any conversions of fixed-term contracts or apprenticeship contracts to open-ended contracts during the year. It does not include the conclusion of internship agreements, International Business Volunteer (VIE) and CIFRE (Conventions Industrielles de Formation par la Recherche) and the transition from active to inactive employee status and vice versa.

The total number of employees leaving the company includes resignations, all dismissals (economic and personal), contractual terminations, retirements, deaths and other types of termination, as well as the end of fixed-term contracts.

The turnover rate corresponds to the number of resignations divided by the average number of employees active on December 31 of year N-1 and the average number of employees active on December 31 of year N, in accordance with the Global Reporting Initiative (GRI) 401-1 standard.

The number of non-French employees and expatriates in the French teams takes into account non-French employees working in France with a French contract or on an international assignment in France.

For the calculation of the percentage of CODIRs with at least 3 women, the Executive Committee of the Group, the CODIRs of Global Businesses, the major countries/regions (North America, United Kingdom, Australia, Germany, Netherlands) and the International Development Departments (DGDIs), as well as the CODIRs of the BLs are taken into account.

The percentage of women in senior management positions is a measure of the percentage of women in positions of responsibility level from 10 to 12, divided by the total number of employees in positions of that level.

The average number of hours of training per employee is the total number of hours of training divided by the number of Thales employees employed as of December 31 of the year in question.

Data on absenteeism and the frequency and severity of workplace accidents have been calculated on the basis of the number of days theoretically worked in each country, and on the basis of the active workforce as well as inactive paid employees (unpaid employees on long-term sick leave are therefore not included in the calculation of this indicator). These figures are based on a comparison of the data entered in the Human Resources Department and the Health, Safety and Environment Department's reporting tools.

The overall absenteeism rate is the percentage of days lost due to any type of disability, whether work-related or not, compared to the number of days theoretically worked in each country. Authorized absences such as annual leave, study leave, maternity/paternity leave or family leave are excluded. Absences for which the employee is no longer paid by Thales are also excluded.

The frequency rate is the number of accidents with lost time during the year, multiplied by 1,000,000 and compared to the number of hours theoretically worked during the year.

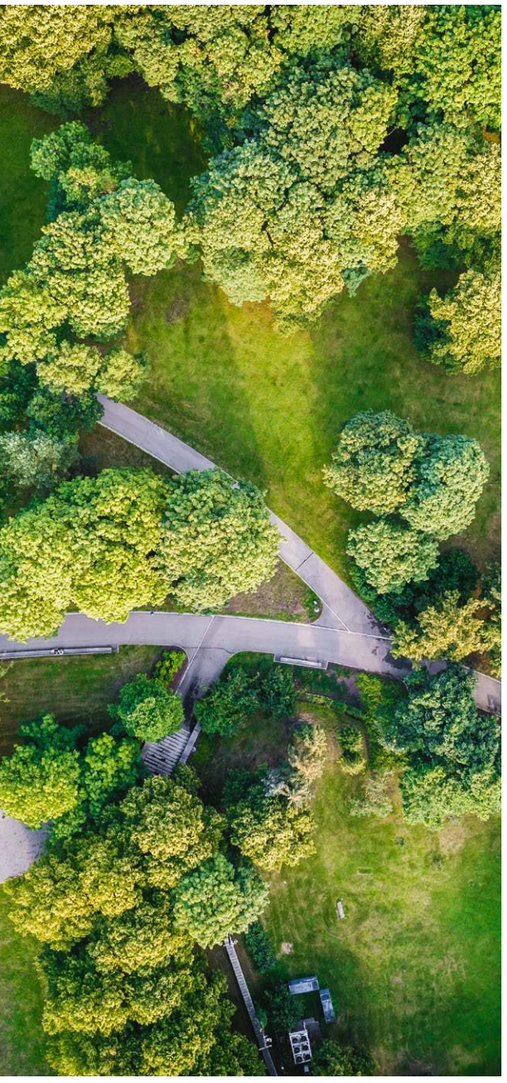
The severity rate is the number of days lost due to occupational accidents multiplied by 1,000 and compared to the number of hours theoretically worked during the year.

The employment rate of disabled workers is the total number of beneficiary units as declared in the Mandatory Declaration of Employment of Disabled Workers (Déclaration Obligatoire d'Emploi des Travailleurs Handicapés) in France.

6.2 ENVIRONMENTAL DATA

SCOPE OF ENVIRONMENTAL REPORTING

The scope of environmental reporting is separated from the scope of the companies included in the financial consolidation as of December 31, 2021, after cumulative application of the eligibility criteria set out below.



ELIGIBILITY AND OPERATIONAL CONTROL (CRITERION 1)

In the first stage, only companies meeting the following two criteria are selected:

- Thales's shareholding is equal to or greater than 50% of the capital of this company;
- Thales has operational control of this company.

ACTIVITY/WORKFORCE (CRITERION 2)

The second step consists of selecting the eligible sites and establishments of the companies selected in the previous step. The following are selected:

- **"establishment/site" engaged in an Operating Model 4 activity,** regardless of the number of employees;
- **"establishment/site" engaged in an Operating Model 3** activity with more than 50 employees;
- **"establishment/site" engaged in an Operating Model 2** activity with more than 100 employees.

The section "Definition of HSE Management System levels" details the Operating Model levels (classification according to the nature of the activity of an establishment or site: industrial, semi-industrial or tertiary activity).

CHANGES IN SCOPE

Changes during the year in the scope of consolidation (in the financial sense) and significant changes in the activities or headcount of Group sites, including the additional criterion of contribution to the entire financial year 2021, are handled as follows[1]:

- companies acquired in 2020 that meet the criteria of control (criterion 1) and activity/employee numbers (criterion 2) are included in the scope of environmental reporting. The same applies to new operations created in 2020;
- for the transfer of activities from one site to another with full environmental reporting for the year 2021, the information is combined:

- with that of the originating site for the period from January 1, 2021 to the day before the transfer date,
- with that of the receiving site for the period from the transfer date to December 31, 2021;

- absorption of intra-Group companies, sites or activities: the data of the absorbed entity is combined with that of the absorbing structure for the period from January 1, 2021 to the date of absorption.

REPORTING PROCEDURE

An instruction contained in the Group's reference system sets out the rules for each stage of data entry, validation and consolidation. It also defines the role of each stakeholder and promotes data recording (traceability, archiving, etc.).

(1) The land transport sites and activities of the GTS GBU continue to be included in the scope of the 2021 environmental reporting. .

INDICATORS

In view of regulatory changes, expectations and the Group's environmental strategy, the indicators are periodically reviewed, both in terms of their relevance and calculation methodology. The reference framework for indicators applicable within the Group takes into account feedback from previous years and anticipated changes in environmental issues. The detailed description of the indicators is available in the reporting tool and is formalized in the "Methodological guide for reporting environmental data". A note on the methodology for calculating the carbon footprint has also been written in the "Methodological guide for calculating CO_2 emissions".
The indicators are consolidated in line with the GRI[2] recommendations and a cross-reference table is available in 8.3.

REPORTING TOOL

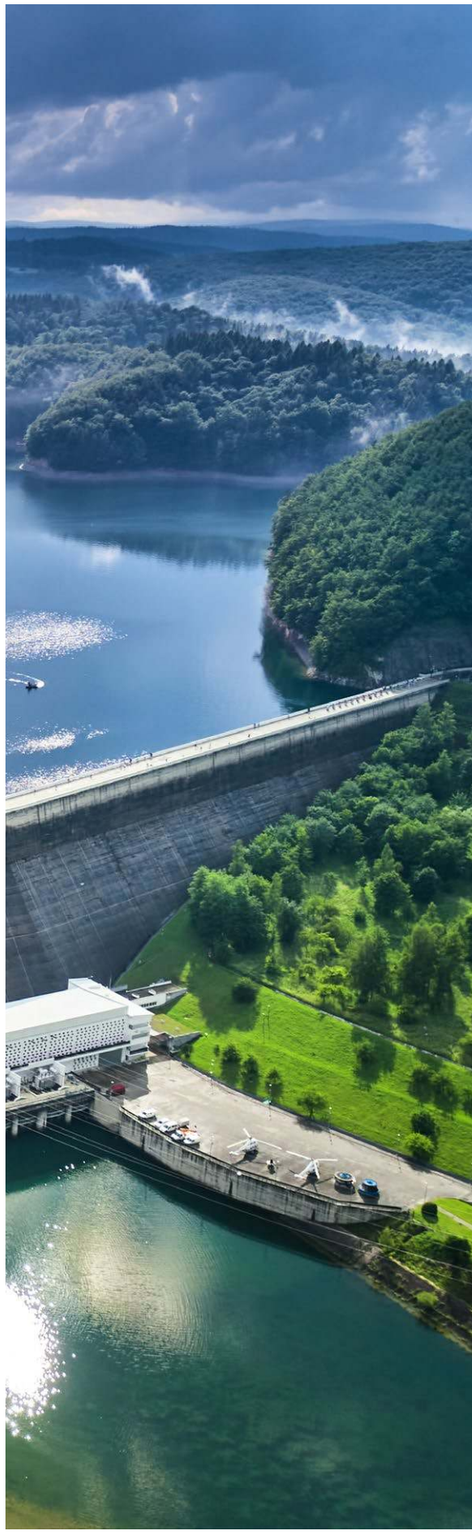
Thales has developed a reporting and management tool accessible to everyone in the environmental reporting sphere. This tool consolidates data at the level of each entity, country or geographical area as well as at the Group level. In addition, its configuration makes it possible to ensure that the information is consistent and, if it is not, to point out inconsistencies according to the specific characteristics of each country (units of measurement, conversion factor, etc.).

PERFORMANCE ANALYSIS

To facilitate the analysis of results, the Group's environmental reporting integrates the following principles:

- monitoring of a relevant ratio to assess changes in the scope of consolidation (disposals and acquisitions). For example, water consumption is tracked in gross value (in cubic meters) but is also expressed in relation to the number of employees.
- recalculation of the reference value when emission factors are modified during the reporting period, with the exception of "electricity" emission factors, which are changed each year without impacting the data for previous years, in order to take into account changes in the mix of energy production in the countries/regions where the sites operate and the contracts for the purchase of electricity signed by the Group.

(2) The Global Reporting Initiative (GRI) is a non-profit organization that develops a common framework for sustainability reporting. Compliance with this document by companies is completely voluntary..



7. REPORT OF THE INDEPENDENT THIRD PARTY ORGANIZATION ON THE CONSOLIDATED DECLARATION OF NON-FINANCIAL PERFORMANCE IN-CLUDED IN THE MANAGEMENT REPORT

YEAR ENDED DECEMBER 31, 2021

TO SHAREHOLDERS,

In our capacity as an independent third party, member of the Mazars network, Statutory Auditor of the Thales Group, accredited by COFRAC Inspection under number 3-1058 (scope of accreditation available on website www.cofrac.fr), we hereby report to you on the consolidated statement of non-financial performance for the financial year ended December 31, 2020 (hereinafter referred to as the "Statement"), which is presented in the management report, in accordance with the legal and regulatory requirements set out in Articles L.225 102-1, R.225-105, and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we performed, as described in the section "Nature and scope of our work", and on the information we obtained nothing has come to our attention that causes us to believe that the Non-Financial Performance Statement is not in compliance with the applicable regulations and that the information, taken as a whole, is presented fairly in accordance with the Standards.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or of established practices on which to base the evaluation and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Accordingly, the Information should be read and understood with reference to the Reporting Criteria, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of information

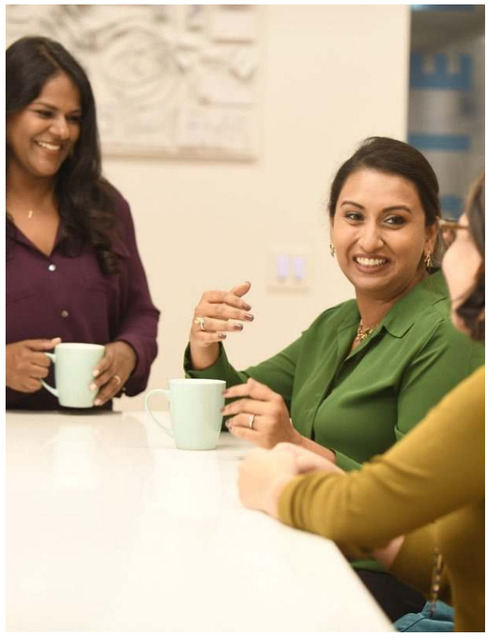
The Information may be subject to uncertainty inherent with the state of scientific or economic knowledge and due to the quality of the external data used. Certain information are sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

Responsibility of the Company

It is the responsibility of the Board of Directors:

- to select or establish appropriate criteria for preparing the information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators, and also the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the entity's frame of Reference as described above.



Responsibility of the independent third party

It is our responsibility, based on our work, to provide a reasoned opinion expressing limited assurance on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the historical information (recorded or extrapolated) provided pursuant to Article R.225-105, paragraphs 3 of I and II of the French Commercial Code, namely the results of policies, including key performance indicators, and actions, relating to the main risks.

As it is our responsibility to formulate an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of the said Information as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory requirements (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance plan and the fight against corruption and tax evasion);
- the truthfulness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

We conducted our work described below in accordance with the provisions of Articles A. 2251 et seq. of the French Commercial Code, the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) applicable to this type of work, and the (reviewed) international standard ISAE 3000.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the industry's code of Statutory Auditor ethics. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with the applicable legal and regulations, ethical rules and the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this activity.

Means and resources

Our work involved the skills of 13 people and took place between October 2021 March 2021 over a total working period of 15 weeks.
To assist us in our work, we called upon our specialists in sustainable development and social responsibility. We conducted about ten interviews with the persons responsible for the preparation of the Declaration, representing in particular the CSR Department newly created in January 2022, the Ethics and Integrity Department, the Legal and Human Resources Department, the Health, Safety and Environment Department, the Audit, Risks and Internal Control Department and the Purchasing Department.

Nature and scope of work

We planned and performed our work taking into account the risks of significant information misstatement.

In our opinion, the procedures we have carried out in the exercise of our professional judgment enable us to provide a moderate level of assurance:

- we have reviewed the activities of all the entities included in the scope of the consolidated financial statements and as well as the description of the main risks;
- we assessed the appropriateness of the Standards with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, industry best;
- we have verified that the Declaration covers each category of information provided for in III of Article L.225-102-1 with regard to social and environmental issues, as well as respect for Human Rights and the fight against corruption and tax evasion;
- we have verified that the Statement presents the information required by section II of Article R.225-105 where relevant to the main risks and includes, where appropriate, an explanation of the reasons for the absence of the information required by the 2nd paragraph of section III of Article L.225-102-1;
- we have verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of the Group' consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as the policies, actions and results, including key performance indicators related to the main;
- we consulted documentation and conducted interviews to:
  - assess the process for selecting and validating the main risks and the consistency of the results, including the key performance indicators selected, with the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered most important presented in Appendix 1. For the risks of "Compliance with rules concerning business ethics", "Vigilance over suppliers' compliance with corporate responsibility issues" and "Impacts related to changes in regulations", our work was carried out at the level of the consolidating entity; for the other risks, work was carried out at the level of the consolidating entity and in selected entities;
- we have verified that the Statement covers the consolidated scope, i.e. all the entities included in the scope of consolidation in accordance with Article L.233-16 the limits specified in the Statement;
- we have examined the internal control and risk management procedures implemented by the entity and have assessed the collection process aimed at ensuring the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results that we considered most important as presented in the Appendix 1, we implemented:
  - analytical procedures consisting of verifying that the data collected has been properly consolidated and that changes in the data are consistent;
  - detailed audit testing or other means of selection, consisting of verifying the correct application of the definitions and procedures and on reconciling the data with supporting documents. This work was carried out with a selection of contributing entities and covered between 21% and 100% of the consolidated data selected for these tests.
- we assessed the overall consistency of the Statement in light of our knowledge of all the entities[1].

The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes; a higher level of assurance would have required more extensive audit work.

Executed at Paris-La Défense, March 31, 2022
Independent third party **Mazars SAS**
Edwige REY - CSR & Sustainable Development Partner

(1) Social information: legal entities within the scope of Thales legacy France; legal entities within the scope of Thales legacy Spain. Environmental data: Thales LAS France (La Ferté); Montgomeryville (DIS); Thales Land Mulwala (Australia); SGF Gennevilliers; Thales Alenia Space (Turin); TRT Palaiseau; Thales AVS France MIS Thonon; Singapore (DIS); Thales Nederlands B.V (Hengelo) – Waste indicators only. Corporate data: Contributing departments at Group level.

APPENDIX 1 : THE MOST IMPORTANT INFORMATION

QUALITATIVE INFORMATION (ACTIONS AND RESULTS) ON THE MAIN RISKS

- Diversity and Inclusion.
- Workplace health and safety.
- Environmental impacts related to the Group's activities.
- Anticipation of environmental standards in product design.
- Compliance with rules of ethical business conduct (particularly anticorruption and influence peddling).
- Vigilance concerning supplier compliance with corporate responsibility issues.

QUANTITATIVE INDICATORS INCLUDING KEY PERFORMANCE INDICATORS

Employment indicators

- Total workforce.
- Percentage of women recruited.
- Percentage of women in top positions.
- Percentage of Management Committees with at least 3 women.
- Absenteeism rate.
- Share of layoffs in total number of employees leaving.
- Average number of training hours per employee in the Group.

HSE indicators

- Assessment of the operational maturity of industrial sites.
- Frequency rate of work-related accidents with lost time (Thales employees).
- Severity rate of accidents at work (Thales employees).
- Percentage of employees working at an OHSAS 18001/ ISO 45001/14001 certified site.
- Reduction of operational GHG emissions (scopes 1, 2 and 3 – business travel).
- Reduction of other GHG emissions (scope 3 – purchases of goods and services and use of products and services sold).
- Recycling rate of non-hazardous waste.
- Percentage of employees working at an ISO 14001 certified site.
- Percentage of Product Line Architects, Product Line Managers, Product Design Authorities, and Design Authorities trained in or made aware of eco-design.

Company indicators

- Operational entities that have conducted a corruption risk assessment.
- Percentage of employees trained in the fight against corruption.
- Alerts received via the Group's alert system.
- Percentage of new suppliers committed to the principles of Thales's new Integrity & Corporate Responsibility Charter.
- Percentage of suppliers assessed among those considered as "at risk" according to the Duty of Care mapping.

8. CROSS-REFERENCE TABLE TCFD, SASB, GRI

8.1 CROSS-REFERENCE TABLE OF TCFD RECOMMENDATIONS

TCFD cornerstone	TCFD recommendation	Corresponding section of the Universal Registration Document
Governance	Board of Directors oversight: a) Describe the control that the Board of Directors exercises over climate-related risks and opportunities	5.5.2.2.2 Governance of the strategy for a Low-Carbon Future
Strategy	Identify the risks and opportunities: a) Please describe the short, medium and long-term climate-related risks and opportunities	5.5.1.3.3 Environmental risks and adaptation to climate changee
	Impact on investment strategy: b) Describe the impact of climate-related risks and opportunities on the investment strategy	5.5.1.3.3 Environmental risks and adaptation to climate change
	Resilience of the investment strategy: Please provide details of the resilience of the investment strategy, considering different climate scenarios, including a 2éC or lower scenario	5.5.1.3.3 Environmental risks and adaptation to climate change
Risk management	Evaluating the risks: a) Please describe your risk management processes for identifying, assessing and managing climate-related risks	5.5.1.3.1 Prevention and continuous improvement process 5.5.2.2.6 Monitoring and understanding the effects of climate change
	Managing risks: b) Please describe the processes for managing climate-related risks	5.5.2.2.2 Governance of the strategy for a Low-Carbon Future
	Integrating risks: c) Please describe how climate-related risks are integrated into risk management processes.	5.5.2.2.2 Governance of the strategy for a Low-Carbon Futuree
Indicators/Objectives	Use of indicators: a) Please provide information on the indicators used to assess climate-related risks and opportunities in the investment strategy and risk management process.	5.5.5 Environmental indicators
	Measuring GHG emissions: b) Please provide information on greenhouse gas (GHG) emissions and related risks under scopes 1 and 2, and where applicable, scope 3.	5.5.5 Environmental indicators
	Setting targets: c) Please provide information on the targets set for managing climate-related risks and opportunities, and the results that have been achieved in pursuing these targets.	5.5.2.2.3 Reducing the carbon footprint of operational emissions 5.5.2.2.4 Reducing other emissions 5.5.5 Environmental indicators

8.2 SASB CROSS-REFERENCE TABLE

Topic	Indicator	2021 data	Units	SASB ref.
Energy management	Total energy consumption	7325.5	GJ	RT-AE-130a.1
	Share of renewable electricity	32	% (electricity)	RT-AE-130a.2
	Share of energy from the grid	86.3	%	RT-AE-130a.3
Management of hazardous waste	Share of hazardous waste recycled	29	%	RT-AE-150a.1
	Number and total quantity of reportable spills	0		RT-AE-150a.2
	- of which quantity recovered	0		
Data security	Number of data breaches - of which involving confidential information	Not reported		RT-AE-230a.1
	Description of the approach to identifying and responding to data security risks in the company's (1) operations and (2) products	See paragraph 3.1.6		RT-AE-230a.2
Product security	Number of recalls issued - of which total number of units recalled	Not reported		RT-AE-250a.1
	Number of counterfeit parts detected - of which percentage avoided	Not reported		RT-AE-250a.2
	Number of airworthiness notices received	2		RT-AE-250a.3
	- total units affected	Several hundred		
	Total financial losses resulting from legal proceedings related to product safety	Not reported		RT-AE-250a.4
Fuel economy and emissions in use phase	Revenue from products/services that contribute to the reduction of CO_2 emissions	20%		RT-AE-410a.1
	Description of the strategy to reduce fuel consumption and greenhouse gas (GHG) emissions from products.	See paragraph 5.5.2		RT-AE-410a.2
Supply of materials	Description of risk management for the use of critical materials	See paragraph 5.7.6 See paragraph 5.5.2.1.1		RT-AE-440a.1
Business ethics	Total financial losses as a result of legal proceedings associated with incidents of corruption and/or illicit international trafficking	Not reported		RT-AE-510a.1
	Defense revenues from countries classified as "E" or "F" on the Transparency International Corruption Perceptions Index (Defense 2020)	Bande "E" : 1.6% Bande "F" : 4.4%	In% of total sales 2021	RT-AE-510a.2
	Discussion of business ethics risk management processes across the value chain	See paragraph 5.6.1		RT-AE-510a.3

8.3 GRI CROSS REFERENCE TABLE

GRI INDEX			
Code	**Description**	**Corresponding section of the Universal Registration Document**	**Corresponding section of the Hygiene Safety report**
GRI 102: General information			
102-1	Name of the organization.	Cover page.	RT-AE-130a.1
102-2	A description of the organization's activities.	2.1 "Operating segments"	
102-3	The geographical location of the organization's headquarters..	6.1 "General information about the Company"	
102-4	The number of countries in which the organization is present and the names of the countries where it has significant operations.	5.4.4 "Other employment indicators" 2.5 "Organization of the Group"	4.2 Other social indicators
102-5	The nature of the capital and the legal form.	6.1 "General information about the Company"	
102-6	Markets served, including: geographic locations where products and services are offered; industry sectors; types of customers and beneficiaries.	Group profile 2.1 "Operating segments"	
102-7	Total number of employees; number of business locations; net sales; total capitalization broken down into debt and equity.	5.4.4 "Other employment indicators" 2.5.2 "Data on main subsidiaries" Note 2. "Segment information" Note 10. "Current operating assets and liabilities"	4.2 Other social indicators
102-8	Total number of employees by employment contract, by gender, by region, by job type.	5.4.4 "Other employment indicators"	4.2 Other social indicators
102-9	A description of the organization's supply chain.	Business model 5.2 "Risks taken into account for the context of the NFPS"	
102-10	Significant changes in the organization's size, structure, ownership or supply chain.	Group profile	
102-11	Application of the principle of precaution or the preventive approach.	5.2 "Risks taken into account in the context of the NFPS" 5.5 "An approach to meet environmental challe"nges	2. Risks taken into account for the non-financial performance statement
102-12	A list of externally developed charters, principles or other initiatives to which the organization adheres or which it endorses.	TCFD, Global Compact, United Nations Sustainable Development Goals, OECD Guidelines for Multinationals,…	
102-13	A list of key memberships in associations, as well as national and international advocacy organizations.	Thales is a member of numerous national and regional professional associations. At the international level, these include: the United Nations Global Compact, the International Chamber of Commerce, the IFBEC (International Forum of Business Ethical Standards) and Business at OECD.	

GRI INDEX			
Code	**Description**	**Corresponding section of the Universal Registration Document**	**Corresponding section of the Hygiene Safety report**
102-14	A statement from the most senior decision maker in the organization regarding the importance of sustainability to the organization.	Integrated Report 2021-2022	
102-16	A description of the organization's values, principles, standards and rules of conduct.	5.6 "A corporate responsibility policy based on a strong ethical commitment to the Group Code of Ethics" (see website)	
102-18	The governance structure of the organization.	4.1 "Composition of the Board of Directors"	
102-40	A list of stakeholder groups involved with the organization.	5.7.1 "Stakeholder mapping"	
102-41	The percentage of total employees covered by collective bargaining agreements.	5.4.4 "Additional employment indicators"	4.2 Other social indicators
102-42	The basis for identifying and selecting the stakeholders to be involved.	5.7.1 "Stakeholder mapping" 5.7.2 "Establishing the materiality matrix"	
102-43	The organization's approach to stakeholder engagement.	5.7.1 "Stakeholder mapping" 5.7.2 "Establishing the materiality matrix"	
102-44	The major issues and concerns that were raised during the course of stakeholder engagement.	5.7.2 "Establishing the materiality matrix"	
102-45	A list of all entities included in the consolidated financial statements of the organization.	2.3.4 "Sales"	
102-46	An explanation of the process for defining the content of the report and the scope of the issue.	Chapter 3: "Risk factors, internal control and risk management" 5.1 "A corporate responsibility policy to support sustainable economic growth" 5.2 "Risks taken into account within the context of the NFPS"	1. A corporate responsibility policy to support sustainable economic growth 2. Risks taken into account for the non-financial statement
6.1	The organization should include an explanation of how the materiality principle is applied to identify relevant issues.	5.7.2 "Establishing the materiality matrix"	
102-47	A list of relevant issues identified during the process of defining the content of the report.	5.7.2 "Establishing the materiality matrix"	
102-48	The effect of any restatements of information provided in previous reports and the reasons for these restatements.	No changes to the measurement methods, the nature of the company's activities or the reporting period used.	

GRI INDEX

Code	Description	Corresponding section of the Universal Registration Document	Corresponding section of the Hygiene Safety report
GRI 102: General information			
102-49	Significant changes from previous reporting periods in the list of relevant issues and the scope of issues.	No significant change	
102-50	The reporting period for the information provided.	January 1, 2021 to December 31, 2021	
102-51	The date of the most recent previous report.	The last report was filed with the French financial markets authority (AMF) on April 12, 2021.	
102-52	Reporting cycle.	Annual cycle.	
102-53	The designated point of contact for questions about the report or its contents.	ir@thalesgroup.com	
102-56	A description of the organization's current policy and practice with respect to external verification of the report	5.9 Independent third party report on the consolidated non-financial performance statement in the management report	7.Report of the independent third party organization on the consolidated declaration of non-financial performance included in the management report
GRI 302: Energy			
302-1	Energy consumption within the organization	5.5.2.2.3 "Reducing the carbon footprint of operational emissions"	
302-2	Energy consumption outside the organization	5.5.2.2.3 "Reducing the carbon footprint of operational emissions"	
302-3	Energy intensity	5.5.2.2.3 "Reducing the carbon footprint of operational emissions" 5.5.5 "Environmental indicators"	
302-4	Reduction of energy consumption	5.5.2.2.3 "Reducing the carbon footprint of operational emissions"	
302-5	Reduction of energy requirements, products and services	5.5.2.2.4 "Reducing the carbon footprint of other emissions" 5.5.3 "Overview of eco-friendly products and services"	

GRI INDEX

Code	Description	Corresponding section of the Universal Registration Document	Corresponding section of the Hygiene Safety report
GRI 303: Water			
303-1	Interaction with water as a shared resource	5.5.2.3.2 "Conserving water"	
303-2	Management of impacts related to wastewater disposal	5.5.1.3.1 "Prevention and continuous improvement process"	
303-4	Water disposal	5.5.2.3.2 "Conserving water"	
303-5	Water consumption	5.5.2.3.2 "Conserving water"	
GRI 304: Biodiversity:			
304-2	Significant impacts of activities, products and services on biodiversity	5.5.2.3.4 "Preserve biodiversity" 5.5.2.2.3 "Reduce the carbon footprint of operational emissions"	
304-3	Protected or restored habitats	5.5.2.3.4 "Preserve biodiversity"	
GRI 305: Emissions			
305-1	Direct GHG emissions (Scope 1)	5.5.2.2.3 "Reducing the carbon footprint of operational emissions"	
305-2	Indirect energy-related GHG emissions (Scope 2)	5.5.2.2.3 "Reducing the carbon footprint of operational emissions"	
305-3	Other indirect GHG emissions (Scope 3)	5.5.2.2.4 "Reducing the carbon footprint of other emissions"	
305-4	GHG emissions by intensity	5.5.5 "Environmental indicators"	
305-5	Reduction of GHG emissions	5.5.5 "Environmental indicators"	
GRI 306: Waste			
305-1	Waste production and significant impacts related to waste	5.5.2.3.1 "Reduce, reuse and recycle waste"	
305-2	Management of significant impacts related to waste	5.5.2.3.1 "Reduce, reuse and recycle waste"	
305-3	Waste generated	5.5.2.3.1 "Reduce, reuse and recycle waste"	
305-4	Waste not disposed of	5.5.2.3.1 "Reduce, reuse and recycle waste"	
305-5	Waste disposed of	5.5.2.3.1 "Reduce, reuse and recycle waste"	

GRI INDEX

Code	Description	Corresponding section of the Universal Registration Document	Corresponding section of the Hygiene Safety report
GRI 401: Employment			
401-1	a. The total number of employees and the rate of recruitment of new employees during the reporting period, by age group, gender and region.	5.4.4 "Other employment indicators" Additional employment indicators	4.2 Other social indicators
	b. The total number of employees and the rate of employee turnover during the reporting period, by age group, gender and region.	5.4 "Human resources for group performance"	4. Human ressources geared towards group performance
401-2	Standard benefits provided to the organization's full-time employees, but not to temporary or part-time employees, by major business locations.	5.4.3 "Providing a safe, high-quality work environment" A basis of harmonized social measures originating from dialogue with social	4.1 Providing a safe, high-quality work environment
GRI 402: Employee/management relationship			
302-1	The minimum number of weeks' notice generally provided to employees and their representatives prior to the implementation of significant operational changes that may significantly affect them.	5.4.3 "Providing a safe, high-quality work environment" Social dialogue to support Group transformations	4.1 Providing a safe, high-quality work environment
GRI 404: Training and education			
404-1	The average number of hours of training that the organization's employees attended during the reporting period, by: gender; occupational category.	5.4.4 "Other employment indicators" Additional employment indicators	4.2 Other social indicators
404-2	Type and scope of programs implemented and assistance provided to upgrade employee skills.	5.4.1.2. "Develop and reward the Group's talent" Training sessions	
404-3	The percentage of the total number of employees by gender and professional category who received a performance and career development review during the reporting period.	5.4.1.2. "Develop and reward the Group's talent" Professional support for employees	
GRI 405: Diversity and equal opportunities			
405-1	The percentage of individuals on the organization's governance bodies in each of the following diversity categories: gender; age group: under 30, 30-50, and over 50; and other diversity indicators (such as minorities or vulnerable groups), if applicable.	5.4.4 "Other employment indicators" Additional employment indicators	4.2 Other social indicators

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